Europe's Business Newspaper

No. 29,841

Wednesday January 29 1986

D 8523 B

World news

Business summary

Stunned Reagan postpones State of the Union speech after Challenger crew die in fireball

Space shuttle explodes

BY REGINALD DALE IN WASHINGTON AND TERRY DODSWORTH AND WILLIAM HALL IN NEW YORK

Black SA students end boycott

Thousands of black students re-turned to school in South Africa at the end of a prolonged school boy-cott in protest at racially segregated

The return to school could improve the chances of the Government lifting the partial state of emergency declared last July. The Government said it was working on a formula to bring about equal edu-cation for all races, possibly within

10 years.

The fragility of the peace was underlined when a schoolgirl was shot dead as police opened fire on a 70KYO: stocks were mixed in Tomeeting outside a school.

Lebanon ultimatum

Sbooting erupted along Beirut's Creen Line battlefront when Syria's key Christian ally in Lebanon, former president Suleiman Franjieh, issued an ultimatum to belea. (Y195.7). On Bank of England fig. guered President Amin Gemayel to quit or face the consequences.

Danish referendum

The Danish Parliament voted in favour of holding a referendum, probably on February 27, on controver-sial EEC reforms. Page 2

UK unions' warning

The UK's Trades Union Congress called on all unions not to cross picket lines around News International's plant in Wapping, London, and accelerated disciplinary moves gainst the electricians' union EET-PU, which is helping to produce west GERMANY'S current ac newspapers there. Page 10 count surplus rose to a record DM

India spy scandal

Indian police said several American and West German diplomats were involved in a growing spy scandal which has forced the resignations of two junior cabinet ministers and a senior official. Page 4

Pakistan reshuffle

Minister Mahbubul Haq. Page 4

Fredrik Bull-Hansen, called for the 1985. Page 21 country's defence budget to be doubled and a greater British and American naval presence to counter a Soviet build-up on Nato's sell two Continental transport com-

Aquino support

Philippines indicated support for opposition candidate Corazon Aqui-no in the election contest against President Ferdinand Marcos.

Three die in Haiti

Three people were killed and at least 28 injured when security for-ces opened fire in Cap Hatien during one of the biggest protests ever against Haitian leader Jean-Claude

Argentine initiative

Argentine ambassador to the US Lucio Garcia del Salar bas been recalled to help to revive the country's efforts towards achieving a nego-tiated Falklands settlement. Page 3

Spanish warning

Spain is giving hundreds of thou-sands of illegal residents until March 1 to put their papers in order or face expulsion.

Poles hold 60 Polisb police arrested 60 people on charges of stealing tonnes of meat from a processing plant in Walb-rzych, south-west Poland, and sell-

ing it on the black market.

Court jails 26 A Turkish court sentenced 26 for-

Japanese discount rate set

JAPAN'S central bank is expected to cut the official discount rate from 5 per cent to 4.5 per cent, with effect

WALL STREET: The Dow Jones industrial average closed up 18.81 at 1,556.42. Page 40

LONDON: equities were swept to record highs on a burst of opti-mism. The PT Ordinary share index

kyo with declines outnumbering gains, 409 to 391. The Nikkei average added 10.55 to 12,993.69. Page 40

ures the dollar's exchange rate in-dex fell to 123.9 from 124.1. Page 33

STERLING was firmer in London gaining 1.85 cents against the dollar to \$1.41. It also rose to DM 3.36 (DM 3.3375), SFr 2.865 (SFr 2.83), FFr 10.38 (FFr 18.2475) and Y275.75 (Y272.25), The pound's exchange rate index gained a point to close at

GOLD fell \$3.125 on the London builion market to \$352.00 and was \$5.625 lower in Zurich at \$353.25. In New York the Comex February set tlement was \$353.70. Page 32

UK TRADE balance moved into surplus in December, as non-oil exports improved, but visible trade showed a £2bn (\$2.8bn) deficit for all of 1985. Page 13

Pakistan Premier Mohammad ing more than DM 1bm (\$414.6m) Khan Junejo reshuffled his Cabithrough a one-for-14 rights issue of net, dropping Finance and Planning shares and a bond issue with war-

consumer products group, agreed to sell two Continental transport com-panies to the Swiss forwarding The Roman Catholic Church in the volves Paris-based Satem and Sad of Madrid.

MOËT-HENNESSY,

1bn (\$135.1m) contract to build a te-lecommunications factory in India.

MERCK, US pharmaceuticals group, registered a 10 per cent increase in net profits last year, mainly because of better cost controls, productivity gains and an improved product mix. Page 21

CHAMPION International, major

SANDOZ. Swiss chemicals group signed an agreement with the Chimer customs officers to up to 11 years in jail for sharing part of a currency haul they found hidden in a bus.

to fall ing loss of the Challenger space shuttle which blew up with seven crew on board shortly after lift-off.

The President said that it was 'not appropriate' go ahead with his speech which would have been nationally televised from Capitol Hill. He despatched Vice President George Bush to the Kennedy Space Centre in Florida bearing his personal message and said that he

gained 16.0 to a record 1,155.4 and

happened only a must over a minute after the space mission began in what appeared to be a perfect lift-off. Those viewing the fiery explo-sion said there was no way the

count surplus rose to a record DM 38.6bn (\$15.9m) last year, compered with DM 17.8bn in 1984. Page 2

DRESDNER BANK, "West" Ger-many's second largest bank, is rais-ing more than DM 1bm (\$414.6m)

Norway's defence chief, General Norway's defence chief, General Ryall-Hanson called for the country's biggest steel producer, reported a 17 per cent fall in net profits to \$409m in

agent group, Danzas of Basle. The deal, at an undisclosed price, in-

ECHO BAY MINES, leading Canadian gold producer, suffered a fall in net earnings to C\$18.1m (US\$12.8m), or 46 cents a share, in 1985 from C\$23.9m, or 64 cents a share, the previous year. The com-pany said the fall was entirely because of a US\$56 per ounce decline in the average price of gold sold.

French champagne and cognac group, is increasing its capital by FFr 49.8m (\$6.7m) through a scrip issue involving one new share for every five shares held. Page 21

CIT-ALCATEL of France won a FFr

US building materials, paper and packaging group, bounced back into the black in 1985 with net profits of \$163m compared with a loss in 1984 of \$6m. Page 21

in the City of London, brokers said the likelihood of a rise in base rates from their present level of 12.5 per cent had receded for this



Moment of disaster, 72 seconds into flight

continued to fly out of control in the shuttle programme, although Presiclear sky, trailing tails of smoke be-fore they fell into the sea.

One of them was seen floating hris continued to fall into the im-pact area in the Atlantic for nearly down on its parachute, Televisioo pictures of the impact area relayed 45 minutes, and recovery boats and aircraft had to wait until it stopped from the helicopter showed no evidence of any large pieces floating in

Paramedics leaped into the water in an effort to find any survivors. Experts said that the tragedy would likely lead to a serious set-back for Nasa's ambitious space disaster is the worst in the history After the explosion the two solid of manned US space flight which fuel booster rockets separated and

dent Reagan stressed yesterday that the US space effort must

At the very least it is almost certain to take some time to track down the cause of the explosion, particularly since the spacecraft appears to have completely disintegrated before it fell into the Atlan-tic. Rescue work was delayed be-cause debris from the Challenger

45 minutes after the Mr Reagan bad planned to paint

a glowing, optimistic picture of the US, in which he was to refer to the space programme as America's "new frontier." Ironically, be had also written in

a passage celebrating the presence on Challenger of Mrs McAuliffe.

Asked what he would say to the thousands of schoolchikiren who bad been eagerly following Mrs McAuliffe's exploits, Mr Reagan said that they should regard the said that they should regard the shuttle crew as pioneers who had sacrificed their lives on the great frontier, the only frontier the USA now had. Nothing should stop the US from going forward with the exploration of that frontier, be said.

The dramatic explosion of the

shuttle, spectacularly captured by television, bit the US with the kind of emotional shock wave evoked only by the most horrific and sudden national disasters. In the last five years, it was comparable only to the impact of the assassination attempt on Mr Reagan of March 1981 and the destruction of the US marine

This time, bowever, the presence of Mrs McAuliffe aboard the illcareer out of danger.

smiling, attractive, if sometimes tine. All news interest had centred slightly nervous Mrs McAuliffe to on the presence on board of Mrs its heart. She bad been planning to Christa McAuliffe, an energetic 37conduct televised classes from year-old social sciences teacher space, with the theme, she said, from New Hampshire. This was to that space is for everyone." Mr have been the day space travel became safe for civilians. her selection out of more than 11,000 applicants at a White House ceremony last year.

Continued on Page 20 Schoolteacher's triumph ends in tragedy; Major setback for Nasa.

Disaster silences **Mission** Control

S. African debt:

the world waits

for Botha, Page 18

By Ian Hargreaves and

IT WAS the day the voice of Mission Control fell silent. For hours after Space Shuttle Challeng-er vanished in a shower of debris into the Atlantic Ocean, those in charge of the flight at the Lyndon B. Johnson Space Centre were in a state of stunned silence.

Even the live television footage of the accident was absent from the ubiquitous monitor screens, at Nasa's Building II where so many space adventures have unfolded. "Maybe we think it just bad taste to show it right now," one junior official said.

Behind the scenes, Flight Director Jay Greene, the experienced Na-sa official who took charge of the 25th space shuttle mission seconds after it lifted off from Cape Canaveral over 1,000 miles away in Florida, was nowhere to be seen.

I've seen disasters before, but barracks in Beirut in October, 1983. there has been nothing as traumatic as this," said one sobbing reporter, who has followed space events fated flight made the tragedy even in Houston for two decades. This more poignant for millions of Amer-was just so personal. I was talking icans. She was not, after all, a pro-fessional astronaut who had made a ly last week." It should bave been the day the

The nation had already taken the US space programme became rou-Sponsored by hundreds of thou-

sands of American schoolchildren, she carried with her from Cape Canaveral their written pledges to work for world peace, under the sponsorship of the Washington-

Continued on Page 20

£ recovers sharply, easing pressure for higher UK rates

Av. STUNNED President Ronalo has never previously lost a manned Residual last night postnoved his

died aboard the shuttle.

termine the source of the blast.

When the huge fuel tank with near-ly 500,000 gallons of volatile propel-

lant reptured, it tore Challenger in-

Nasa said the fine pieces of de-

STERLING SPOT OIL

JANUARY 1986

week, but some analysts believed

the Government had not yet avert-

ed the pressure on interest rates.

against the D-Mask

Sperbarrel 22 North See Brent

-21

-20

before entering the zone.

Residual last night postponed his anspacecraft in flight.

The last tragedy of

ongress in the wake of the shatter-

ing loss of the Challenger space

sonal message and said that he would address the nation on the ca-

tastrophe from the Oval Office later

The explosion aboard Challenger happened only a little over a minute

The first signs that something had gone wrong came when the Nasa flight controller tracking the

launch said in a studiedly calm voice that officials were looking

very carefully at the situation. Obviously there is a major malfunction.

covery procedures. The Nasa offi-

There was a stunned reaction

across America where millions of people were watching the launch on

TV. The mission had been built into

shuttle flight was to have taken into

space the first private US citizen, Mrs Sharon Christa McAuliffe, a

The explosion produced an even greater sense of shock because the

huttle missions in the last year or

so had begun to seem routine. The

New Hampshire teacher.

a major media event because the to pie

last night.

crew could survive.

BY GEORGE GRAHAM AND DOMINIC LAWSON IN LONDON

THE POUND recovered sharply on foreign exchanges yesterday, eas-ing immediate pressure for higher UK interest rates as oil prices strengthened and worries about the political effects of the Westland Helicopter affair receded.

Interest rates in the money markets fell back into line with current bank base lending rates and foreign exchange dealers said the currency markets were no longer concentrating on the prospect of an early rise in base rates The Bank of England's sterling

index rose at one stage by 1½ points from Monday's closing value of 73.7, before falling back slightly in the afternoon. The pound gained in value against the dollar and more strongly against European curren-cies, especially the D-Mark. In Parliament, however, Mrs Margaret Thatcher, the Prime Min-

change rate mechanism of the Eu-ropean Monetary System.

The pound closed at \$1.41, up nearly 2 cents on the previous day's close. It gained over 4 prennigs against the D-mark to finish the

day at DM 3.38. Shares and Government securities both made gains on the day as money market interest rates eased to 13% per cent.

The Financial Times Ordinary index was up 16 points at a best ever ments by Mrs Thatcher that the UK 1.155.4, while the FT-SE 100 share Government would not intervene in North Sea production leaving.

ing rates unchanged as it supplied ister, said cuts were needed in UK around £209m of liquidity to the production to avoid a fall in the cil money markets.

Mr Stephen Lewis, economist at stockbrokers Phillips & Drew, warned that oil prices were still ister, said that now was not the time for the UK to join the exmore likely to fall than to rise, and that statistics on the money supply and official reserves due to be announced next week could cause worries about the Government's monetary policy.

In thin and nervous trading, bowever, the North Sea oil price emerged above the \$20 a barrel

index also rose sharply to end 21.3 higher at 1,426.3. The Bank of England left its deal-

price below \$15. Pressure on Japanese discount

growth

By Peter Bruce in Bonn

THE WEST GERMAN Government is expected tomorrow to announce a set of optimistic economic forecasts for 1986 – its last year in office be-fore the general election in January next year - including overall economic growth of 3 per cent compared with 2.7 per cent in 1985.

The Economics Ministry's annual economic report, which has been generously leaked ahead of publication, also forecasts an increase in the country's balance of payments from the record DM 38.8bn (\$18bn) recorded last year to DM 48bn in 1986. Price increases, the report is understood to say, should be held to between 1.5 per cent and 2 per cent, after average inflation of just over 2 per cent during last year.

that about 300,000 jobs will be created during the year, although unemployment, it says, will fall by only 150,000 to 2.15m. West German unemployment reached record postwar totals for every month of 1985. The ministry's report, which was discussed at a sitting of the socalled "economic cabinet" in Bonn on Monday night, is likely to be passed by the full Cabinet today. At Monday's meeting, it is understood North Sea production levels.

Last week Sheikh Ahmed Zaki that Mr Karl Otto Pohl, president of the Bundesbank, forecast much more vigorous growth of 3.5 per Yamani, the Saudi Arabian Oil Mincent for this year. Mr Pohl is also reported as saying that there is still scope for a slight fall in West German interest rates.

rate, Page 20; Currencies,

The Government expects investment in the private sector to rise by between 8 per cent and 9 per cent and in the public sector by 4 per cent. Both these forecasts are lower than last year's investment fore-casts, which proved to be slightly over-optimistic. The Economics Ministry believes

Continued on Page 20 Current account booms, Page 2

Bonn looks Goodrich-Uniroyal tyre merger

uz US tvre ma turers, are planning to combine their tyre businesses in a 50-50 joint venture which will become the sec-ond-largest manufacturer of its kind in the US, writes Terry Dodsworth in New York.

The deal, announced in New York yesterday, comes in response to in-tensifying foreign competition in the US tyre market, where imports have been capturing an increasing market share in recent years, expanding from 7 per cent of replace-

B. F. GOODRICH and Univoyal, ment sales 10 years ago to about 25 will establish a viable US competi-

Mr Joho Ong, chairman and chief and perhaps opposition, from the executive of Goodrich, said: "We are anti-trust authorities. However, convinced that only strong competi- both companies said yesterday that tors will survive in this market over the next decade. This transaction

in addition, both companies ar- jobs in a very tough environment." gued yesterday that longer-lasting tyres and lighter cars were causing nies in this way, with executives a steady decline in the growth of from both companies seconded to the replacement market, while pro-duction efficiencies had been ad-ding to capacity faster than the clo-sure of obsolete plants.

run the joint venture, is virtually unprecedented in recent US indus-trial history and would bave been expected to attract keen attention.

Continued on Page 20

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W. German current account surplus soars to DM 38bn

BY JONATHAN CARR IN FRANKFURT

WEST GERMANY'S currentaccount surplus soared to a new re- many ran up a trade surplus of DM cord of DM 38.5bn (\$16.16m) in 1985 7.9bn, compared with one of DM - more than double the DM 17.8hn 6.1bn a year earlier, and a current-of the previous year, the federal statistical office said.

As already announced, there was also a record surplus on visible are widely expected to decline. For trade exchanges of DM 73,28bn, compared with the DM 53.97bn of

West Germany's visible exports rose by about 4 per cent in nominal terms to DM 537.1bn, while visible imports were up by a nominal 3 per cent to DM 463.8bn. In volume terms, exports increased by 6 per is likely to rise - thus cutting the cent and imports by 4 per cent.

In December alone, West Ger-

During this year the surpluses one thing, the rate of increase in imports is expected to grow while that of exports may fall, partly be-cause of the strength of the D-Mark against other currencies. For another, the deficit on "invisibles," for example tourism and payments to the European Community budget, current-account surplus.

Arms chiefs to discuss role for France in EFA BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

Britain, Germany, Italy, Spain and C20hn (\$27.8bn) programme or pur-France are to meet in Paris next chases by France of any of the new week to explore further the possib- aircraft when they are produced in ility of French involvement in the the mid-1990s. four-nation European Fighter Air-

The meeting will be the first held at such a senior level since France indicated its cootinuing interest in the new fighter last autumn.

The initial French approach was coolly received, since France had pulled out of exhaustive negotiations on the fighter just before in the two aircraft. agreement was finally signed on
August 2. There were fears that talks as significant, particularly in
Freoch involvement could result in the light of the doubts which have delays to the programme, now half surfaced in Europe on defence coway through its project definition

cussions are expected to centre on wake of the Westland affair, they do the possibility of French involve not appear to rate highly the ment in EFA at three different lev- chances of concrete co-operation on els, none of which envisages either the new fighter.

THE ARMAMENTS directors of actual French investment in the

What appears to be envisaged is co-operation between the planned new French Rafale fighter project and the four-nation aircraft, particularly on the possibility of designing common equipment and compo-nents, and the sharing of technolo-

operation following the resignation of Mr Michael Heseltine, the for-Officials say that next week's dismer UK Defence Secretary, in the

Danes to hold referendum on Community reforms

BY HILARY BARNES IN COPENHAGEN

arty, whose refusal to support the reforms has caused the crisis, abstained from the the crisis, abstained from the vote. Their affairs spokesman, Mr Poul Schlueter, the Prime Mr Ivar Noergaard, said, how Minister, said he was in the

measures for protection of the he said.

DENMARK WILL hold a refer- environment or working condiendum, probably on February tions will always take precedzi, on whether to accept the ence over measures by the reforms of the EEC nego-Community to remove internal tiated in Luxembourg last month. This was decided by a this would not be the case is vote in Parliament yesterday. The opposition Social Demo-ratic Party, whose refusal to other is that the European Parliament will be given more

ever, that the party will accept the referendum verdict, although the result will not be legally binding on Parliament.

The Social Democrats swept aside guarantees, secured by Mr Uffe Ellemann-Jensen, the Foreign Minister, that national measures for protection of the level. Mr Uffe Ellemann-Jensen, the Foreign Minister, that national measures for protection of the level.

Banks told to cede share of Polish debt repayments

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

repayment this year, if Western agreeing terms on repayment of government demands for equal 1981-85 official debt. But Poland's disappointing economic This was put to bank representatives in Vienna by Mr did not have enough cash to Mercign trade bank. Western foreign trade bank. Western governments—which are owed bulk of Poland's \$29m debt—complain that while the banks and governments. This year Poland faces a total debt servicing burden of some \$50m, about half of it interest. According to official repayment from Poland, they are not getting interest arrears surplus on visible and invisible mouth's deadline for a \$550m amount of new bank credit can interest payment to the govern—be counted on to meet this.

first occasion to bear direct from Polish officials about Poland's 1985 economic results and 1986 prospects. They last met in summer 1984 when the rescheduling of Poland's 1984-87 dalet tree approach

POLAND HAS told Western because only then did they come commercial banks they must close to catching up with the forego up to \$800m in principal banks on rescheduling, by repayment this year, if Western agreeing terms on repayment of

month's deadline for a \$550m interest payment to the governments.

Western bankers did not respond to Mr Malec's proposals at yesterday's meeting, which they stressed was not a negotiating session. "We just listened to what the Poles had to say," said Mr Gabriel Eichler of Bank of America. He pointed out it was the bank creditors' first occasion to bear direct from less of what little hard currency Warsaw has, so as to leave more for them, the governments. This may mean the hanks agreeing to revise their 1981 debt rescheduling accord, under which they got an initial \$265m capital repayment last autumn and are due to get a further \$800m this year.

The banks seem in a veneral

The banks seem, in a general tebt was agreed.

The Western governments' yesterday, bad met all reclaim for equal creditor treatment came only late last year, debt.

NOT one of Greece's opposition parties, whether to theleft or the feeling that if it were elected to power the country would be better governed, and

that is the sum of the good news for Dr Andreas Papandreo's ruling "Panhellenic oclalist Movement" (Pasok). Just seven months ago, the Socialists were riding high, having been re-elected to a second four year term in power with 46 per cent fo the vote. This uses only marginally less

than their score in their first-ever victory in 1981. Today, polls show that the government's popularity has plunged to an all time low. In the view of political observers Pasok is in the threes of its most serious crisis ever, both in government and in its meteoric eleven year career as a political party established by Dr Papandreou after the fall of the seven year military junta,

On the face of things the crisins has largely to do with the government's clumsy handling of their post election economic U-turn. It has deeper and more stubborn roots, however.

The socialists fought and won The socialists fought and won the June election campaign under the slogan "vote Pasok, for even better days." Like "Allaghi" (change) in 1981, the new catch-phrase accurately tapped the hope of the average Greek voter, who and enjoyed a rise in real income in the Socialists' first term and felt encouraged to expect more of encouraged to expect more of the same if they won again. When, after a summer of indecision and cabinet shuffling disconcertingly reminiscent of

French sixth

TV channel

THE FRENCH Socialist Government yesterday gave the go ahead for a new private television channel in France which will concentrate on

music programmes and is due to come on the air before the

The latest venture is part of the French broadcasting revolution following Presi-dent Mitterand's decision to

deregulate television and radio broadcasting The new music network

will become the country's sixth nationwide television

channel. It will be free to viewers and will compete against the country's existing

three state-owned television changels (TF1, Autemne 2 and FRI), the Canal Plus pay-

new private commercial Fifth Channel due to start its

Mr Georges Fillioud, the French secretary of state for communications, said yester-day the concession to operate

day the concession to operate the new sixth channel had gone to a group including Films Gaumont, the large French films group, a private radio station NRJ and two advertising groups Publicis and Agence Gilbert Gros.

There had been fierce competition for the concession and the group led by Gaumont edged out the large Laxenbourg - based broadcasting group Compagnie Laxenbourgeoise de Telediffusion (CLT), and another rival group of investors including the UGC film concern and the Roux - Seguela advertising agency.

agency.
The French Government's decision yesterday represents another blow for CLT's bread-

first programmes February 20.

approved

By Paul Betts in Paris

end of February.

THE GREEK Economy Ministry has set up a 50-strong secretariat to monitor public sector bodies with the aim of improving their efficiency and ensuring that they keep to the Government's tight wage and spending targets, writes Andriana Ierodiaconou.

The country's austerity budget seeks to reduce the overall deach of state enter-

the period just after the socia-

lists first election victory, Dr Papandreou's first major policy announcement turned out to herald two years of stringent economic austerity, these hopes were dashed. More important, the memory of the campaign, and of the fact that for the first half of 1985 the government had insistently advertised that econo-

mic recovery bad arrived to stay, contributed to a sense among the general public of having been deliberately and masively deceived beyond the call of electoral rhetoric. Nor was the government's past record of any help in counteracting this impression. Although they may not care about the substance of the issues involved, the Greeks are well aware that the Pasok government signed an agreement for the continued operation.

erdination of the activity of public sector enterprises. nation and the majority among their ranks by switching horses at the last minute. This is to cite just two relevant examples. There have also been con-vulsions on the Pasok front itself, where all in the party hierarchy but Dr Papandreou and a small coterie of economic and political advisers were more or less ambushed by the austerity measures.

way of preparation, Dr
Papandreon had deposed a
number of potential opponents.

included former

Andriana Ierodiaconou counts political cost of Greece's austerity programme

High flying Pasok brought down to earth

prises by an analysis 24.5 per cent this year. The

intention is to trim it from Dristhn (£663m) to Dr 101bn.

Economy Minister, said set-

ting up the secretarist was

the first attempt at centralised

government control and co-

Mr Costas Simitis, the

minister, Mr mos Arsenis, who was also made scapegoat for the economic policy of the first term, and, at the end of September, eight leading members of Pasok's executive bureau, the top decision making organ

measures, how can they take on critics?" one disaffected Pasok member said.

Pasok member said.
Trying to cope with the stormy reaction, the government has blundered from one tactical error to the next. When Socialist trade unionists came out openly against austerity, they were promptly expelled from the party. When a majority of dissident Socialists and opposition communists in the leadership of Greece's trade union congress, GSEE voted down the loyalist socialist president, the crisis was manoeuvred into the courts, where the majority's decisions were invalidated.

When ERT-1, the main state television channel, attempted to give viewers frank coverage of the anti-austenty strikes, the to give viewers frank coverage of the anti-austerity strikes, the government clamped down, provoking the resignation of the top directors and the news editor, as well as that of Mr Costas Laliotis, Greece's 34-year-old minister for the press and television, who also acted as government spokesman. To the Socialists even greater detriment, Mr Laliotis, one of the deposed executive bureau eight's best and brightest with considerable following in the youth movement, announced his simultaneous retirement from active party life.

Worse followed when the

issues involved, the Greeks are well aware that the Pasok of the party.

"Pasok rose to power in such a short time thanks to our government signed an agreement for the continued operation of the four US bases in Greece and then said they were closing the bases down. They ing our case, Now they feel in government then decided to abolish overnight the government spokesman's established daily press briefing. A revolution predictably followed, they are just required to produce the party.

"Pasok rose to power in government then decided to abolish overnight the government spokesman's established daily press briefing. A revolution predictably followed, they are just required to produce the party.

compensation.

Within a week the government backed down with a permanent dent in its popularity among the press. Similarly, it took weeks of badgering by opposition parties for the government to agree to a debate in parliament, in the rare presence of Dr Papandreou, on fundamental policy issues.

tarnished. "What become tarnished. "What would we all have said had all these things been done by the Conservatives" a leading leftwing newspaper commentator wrote in a November article entitled "Are There More Margins For Authoritarianism?" Rifts within the party are running deep, with personalities such as Arzenis or Laliotis serving wittingly or unwittingly serving wittingly or unwittingly as poles of disaffection.

Among the general public, the mood is one of uncertainty and frustration, as distilusionment with Pasok's performance is coupled with an urgent awareness of the lack of a convincing political alternative. vincing political alternative.
Ultimately, all conversations in
Greece lead back to the economy. How, bankers and businessmen ask, in the obvious
absence of a positive public
response to the Government's
call for a national effort to pull the economy back from the brink, can productivity improve and investments revive so that the October austerity measures

Green aims to upset Austria's political set-up

By Patrick Blum in Ylenna

THE "GREEN" candidate in a debate in parliament, in the rare presence of Dr Papandreou, on fundamental policy issues.

As a result, Pasok's successfully promoted image of the democratic Greek political force par accellence has such a role.

Ms Freda Meissner-Blan, at 58 is handsome, mild-mannered and soft spoken. She strikes a somewhat patrician figure, but although she dismisses the caricature as absurd, she has siready upset the political establishment deeply and may force an unprecedented second round of voting.

she will not win the coutest on May 4 but is likely to win enough votes to prevent either candidate of the two main parties from winning an absolute majority. Both the conservative People's Party and the roling Socialist Party have taken her campaign as a strong enough threat to accuse her of serving the interests of their opponent, a charge she dismisses.

Trojan horse?

"The Socialists say that I will make it easier for the Conservatives to win, while the Conservatives say that I am a Trojan horse for the Socialists. The truth is that I stand for the social movement in this country," she says.

The experience has hardened her. I have strong anti-establishment views and these

1200

and for democracy, nature and people's rights, "Parts of our democracy are increasingly being taken away from us." While she is still a member of the Socialist Party which she joined in the 1970s, she intends to give up her membership when she starts her campaign officially next month.

Her participation in the presidential race, usually a subdued and a political affair,

is expected to raise the political temperature. She will seek to force the main candidates to address issues. "I want to prove that in this country it is expected to renew their call on the South African Government to open a genuine dialogue with the country's black community, when they meet their colleagues of the African "Front Line" states in Lusaka on February 2-4.

The meeting, the first of its kind between the EEC and the country's factors convincing her to run is the expected candidature of Mr Otto Scrinzi, a dissident member of the Freedom Party, the junior partner in the govern-ment coalition, who is known for his extreme right-wing views. It just would be impossible to allow the protest

vote to go to someone with such views," she says. Confusion

Many Austrians are still confused about their country's role during the Nazi period, she says. "We have never faced our own dark past but instead pretend to ourselves that we were just victims." That is why someone with Mr Scrimi's views can still appeal to people, she says. to people, she says.

Ms Meissner-Blau's support-

ers are found among the young and the elderly, groups with less vested interests to defend. She may prove an attractive choice for many women, although she says that she does not intend to make an issue out of being the only woman candidate.

Ford gives Escort and Orion cars a facelift EV KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT FORD OF EUROPE has given its best-selling Escort and Orion range a facelift and, at the same its best-selling Escort and Orion range a facelift and, at the same its best-selling Escort and Orion range a facelift and, at the same time, will become the first to offer an anti-lock hraking system on a front-wheel-drive, medium-priced, family car. The vehicles will also have "lean-burn" engines to give improved performance and performance and insured the first to desire the first to give improved performance and performance and performance and project improved gives in the conflict of the front drive shafts.

its best-selling Escort and Orion range a facelift and, at the same offer an anti-lock hraking system on a front-wheel-drive,

improved performance and economy while reducing exhaust emissions. Two of the engines in the range can be tuned to run on lead-free fuel, an important marketing advantage in West Germany.

The Escort, a medium-sized hatchback, was launched as Ford's first world car in 1980, and was followed three years later by its sister model, the Orion, which has a boot.

BY LAURA RAUN IN AMSTERDAM



Ford's new Escort Chia

Orion, which has a boot:

Produced at Saarlouis in West
Germany, Halewood in England and Valencia in Spain, the Escort at one time vied with the Volkswagen Golf as Europe's best-selling car, with annual sales of about 500,000 and 45 per cent of the market.

Last year, newer entrants,

such as the General Motors' most of its life.

Ford hopes to boost its image has been completely revised, as a producer of high-tech nology vehicles by offering on the anti-lock braking system developed jointly with Lucas Girling in the UK. However, it will be fitted as standard ning of March at prices probably 24 per cent above current equipment only on the Escort ably 24 per cent above current ones.

Lubbers seeks spending cuts

fitted to the front drive shafts.

Ford is also offering a ranga of aix "lean burn" petrol engines from 1.1 litres to 1.6 litres, produced either at Bridgend in Wales — which should provide the vast majority — or Valencia. The 1.5.14re or Valencia. The 1.6-litre for which she occasionally used diesel, built ar Dagenham in the UK, continues to be offered.

- The new-models have a more new rear bumper. The interior has been completely revised, new rear bumper. The interior has been completely revised, with a new fascia, an electrically-heated windscreen, and high-security door and steering column locks.

They go on safe at the begin-

Front Line' talks for THE DUTCH Prime Minister. Mr Rund Lubbers, yesterday 1987 to keep tha budget deficit from widening. Mean spending or the scrapping of some industrial subsidies to fill the Government budget gap expected to be left in 1987 by plunging prices for natural gas. The Cabinet met in a special session yesterday to consider ways of offsetting the abarp decline in gas revenue, which **EEC** ministers

By Robert Mauthner, Diplomatic Correspon

THE FOREIGN MINISTERS OF the European Community are expected to renew their call on The meeting, the first of its kind between the EEC and the Front Line states Zambia, Zimbabwe, Tanzania, Botswana, Angola and Mozambique, stems from a proposal made in April last year by the then President Julius Nyerere of Tanzania. Britain and the Netherlands will be represented at the meet-

ministers are expected to repeat their call for a lifting of the ban on the African National Congress (ANC) by the Pretoria government, the release of Mr Nelson Mandela, the ANC leader, the complete withdraway

Bonn-Paris call at security talks ing by their Foreign Ministers, Sir Geoffrey Howe and Mr Hans van den Brock, the current chairman of the EEC's Council of Ministers of West ment's interest in Mr Mikhail receive only secondary priority lermany and France yesterday Gorbacher's proposal for the as compared with nuclear negotiations." will be represented at the meeting by their Foreign Ministers, Sir Geoffrey Howe and Mr Hans van den Brock, the current chairman of the EEC's Council of Ministers. Most of the other member countries are expected to send funior ministers or senior officials.

ways of offsetting the sharp decline in gas revenue, which now accounts for 10 per cent of total state income. Gas prices have been falling dramatically on plummeting oil prices—to which gas is linked—and tha weaker dollar.

Mr Lubbers told parliament after the meeting that an extra first the meeting that an extra case of this year's government the Christian Democrats and the second in the opposition Labour Party, is of corporation to opposition Labour Party, is of corporation to corporation the principle for a casing of probusiness to become a highly politicised issue in the crun-up to the May 21 Government, will be fisshed out by the next step in preparing the skeletal 1987 budg

decision yesterasy represents another blow for CLT's bread-casting ambitions in France after the failure by the Luxembourg-based group to secure the concession to operate the new private Fifth Channel. This went to a group of investors led by Mr Jerome Seydour, chairman of the Chargeurs transport company, and Mr Slivio Berimscoal, the Italian private television entreprenent.

The Government's choice of the Seydour-Berinscoal tandem for the Fifth Channel has provoked a major political storm in France with the opposition threatening to disband the new commercial channel if, as is widely expected, it gains a majority in the March general elections.

Mr Fillioud said yesterday Mr Fillioud said yesterday that the new sixth channel will have to devote at least half its programms to musical

called for a great "leap forward" in the 1975 Helsinki
Final Act provisions aimed at
reducing the risk of war in
Europee.

In a joint appearance at the
opening of the ninth session of
the European Security Conference here, Mr Hans Dietrich
Genscher and Mr Roland Dumas
expressed confidence that it
could produce the first substantiation of nuclear
ment since 1979 before it
adjourns later this year.

However, Mr Dumas continued that "the problem of
conventional armaments cannot in Madrid.

Senior officials.

The aim of the meeting is to
at demonstrating a "fundamental authority and foreign affairs.

The Maitese Prime Minister,
who also spoke vesterday,
aired potentially troublesome demands for further measures to improve "Mediterranean to improve "Mediterranean the Congress (ANC) by the Pretoria converse of Mr
security," pointing to the current dispute between the US
and Libya. Similar demands the independence of Namibia,

However, Mr Dumas continued that "the problem of formal closing of earlier talks
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Germany and France yesterday
called for a great "leap forward" in the 1975 Helsinki
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FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/ Main, and, as members of the Board of Directors. F. Barlow, R.A.F. McCloan, G.T.S. Damer, M.C. German, D.F.B. Filmer, London, Gorman, D.E.P. Palmer, London, Pranter: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Druckerer-timon, Frankut/Main.
Responsible editor: C.E.P. Smith,
Frankurt/Main. Gueofettstresse
54, 6000 Frankfurt am Main I. ©
The Financial Times Ltd., 1986. FINANCIAL TIMES, USPS No. 180640, published daily except Sundays and bolidays. U.S. substription rates \$385.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTALASTER: send address tices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y.

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Banks will insist on IMF role in Brazil debt rescheduling

COMMERCIAL banks will continue to insist on international Monetary Fund involvement in debt rescheduling regardless of their agreement to restructure their agreement to restructure the debts of Brazil, Mr William Rhodes, a senior Citibank executive said here yesterday.

In his first public comments on the deal with Brazil—which bas no IMF agreement—Mr Rhodes characterised it as a shoot term agreement which

short-term arrangement which will later be developed into a full-scale multi-year reschedul-

"When we are looking at new money and longer term arrangements we feel there should be a presence of the IMF" he told a Press confer-

Mr Rhodes chairs the advisory committee of leading creditors which earlier this month reached outline agreement with Brazil on a seven-year restructuring of debts falling due in 1985 and an extension till March next year of sion till March next year of 1986 maturities.

Negotiations on specific de-tails will resume in New York next week and should be com-pleted by the end of February.

he said.

Earlier in a speech to a debt symposium sponsored by the Inter-American Development and for loans with equity and the International Herald Tribune, Mr Rhodes reiterated his support for the abcalled Baker initiative for eascalled baker ini

Mr Eurique Iglesias, Uruguay's Foreign Minister and a
key figure in the Cartagena
group of leading Latin
American debtors, called at
the symposium for broad
based structural changes that
would promote growth.

"In the majority of our
countries the debt problem
has been administered but
not solved," he said. But he
added that Latin America
would need new cash solutions while structural changes
was under way.

The solution also did not

The solution also did not entirely depend on Latin America itself as interest rates and trade opportunities were dependent on the policies of industrial countries. A 3 percentage point cut in interest rates and a return to the terms of trade prevailing at the start of the decade would belp the region's balance of payments by a total of \$25bn a year.

ing the developing country debt problem and said banks were working on a range of new lending instruments. These include facilities for

major factor in the banks'

The Bank of America, San Francisco's major bank which

handles the city governments

their price is significantly lower than other bidders.

At first, Mr John Farrell, city controller, estimated about \$25m worth of city contracts

Anderson accounting firm. But several city officials said no one

really knows how much divest-ment lies ahead.

passed by the city's board of

supervisors, must now be signed by Mayor Dianne Feinstein,

who has several times expressed ber missivings about the action. If she decides to veto the law,

San Francisco passes anti-apartheid measure

BY LOUISE KEHOE IN SAN FRANCISCO npon US banks from ections such as that taken this week in San Francisco may also be a

SAN FRANCISCO has passed a law prohibiting the city from purchasing goods from com-panies that do business in South

The San Francisco law is clearly almed at pressurising city companies to divest their South African business inhandles the city governments' numerous accounts, was however excluded from the new San Francisco Iaw, Other loopholes allow companies with South African ties to do business with the city if the company is the only provider of a needed commodity, or it their price is conficantly lower terests. It bars the city from buying goods or services from any company doing more than \$5,000 worth of business in

The anti-apartheid measure has been the subject of heated debate in San Francisco, with arguments about its cost, effectiveness and impact raging in the local business community. were 'at stake with South African linked companies such as IBM, Chevron and the Arthur

Despite strong opposition from businesses and from Mrs Dianne Feinstein, city mayor, the law was passed by a manimous vote. The anti-apartheid meeting of the law made it imessage of the law made it impossible to vote against, supporters and dissenters agreed.

The law's passage comes in the same week as South African President Botha is expected to elaborate his plans for apartheid reform. His speech may have a major impact upon the attitude of US banks toward the rescheduling of South Africa's \$14bn overseas deht.

Increasing domestic pressure however, she faces the uncom-fortable prospect of a voter-submitted ballot measure that could be even stronger than the package passed by the board of supervisors.

Arbitration body orders Canada bank settlement

By Bernard Simon in Toronto

A GOVERNMENT arbitration body has imposed a settlement to end one of the most bitter our disputes in the Canadian banking industry.

The Canadian Labour Rela-The Canadian Labour Relations Board has instructed the Canadian Imperial Bank of Commerce (CIBC), the country's third largest bank, to sign a first contract with the fiedgeling union of Bank Employees.

The board has also ordered an end to strikes by 210 workers at the bank's visa credit card centra and central mailroom in Toronto. The atrike et the visa centre began more than seven months ago.

The union has bailed the imposition of the contract as a major breakthrough in efforts to organise Canadian bank a major hreakthrough in efforts to organise Canadian bank workers. But the full impact of the decision will not be known until terms of the contract are disclosed, probably next week.

Nicaragua and Honduras seek closer links By Tim Coon in Managu

HOPES HAVE been raised of hreakthrough in diplomatic re-letions between Nicaragua and Honduras following the in-auguration of a new Honduran president, Mr Jose Azcona on Monday. In a short meeting with Dr Sergio Ramirez, the Nicaraguan vice-president, he

Nicaraguan vice-president, he agreed to keep an election campaign promise made last year to open bilateral talks with the Nicaraguan Government.

The talks will include a summit meeting with President Daniel Ortega of Nicaragua, at well as a series of meetings between foreign ministers, economic ministers and military chiefs of the two countries. The presidential meeting is expected presidential meeting is expected to follow a wider summit of Central American presidents provisionally scheduled for

May. Relations between the tw

Three killed in protests against Haiti president

BY CANUTE LAMES IN KINGSTON

THREE people were shot dead demonstration. in anti-government protests in Haiti in the northern city of Cap Haitien on the third consecutive day of public protests against the regime of Mr Jean Claude Duvalier, President for

Some 25 people were re-ported injured as the security forces attempted to quell the protests, mostly by young

demonstrators.

Diplomats in Port 20 Prince, the capital, said yesterday more troops were being sent to Cap Haltien to deal with the trouble. Two of those killed in Cap Haitien this week were children. The third, a man, was said to have been the victim of a stray bullet when soldiers fired into the air to hreak up a

It was the shooting of three schoolchildren in November which precipitated the youth protests against Mr Duvalier's

dictatorship.
Since then they have spread from the city of Gonzives to other towns on the northern and southern peninsular, and

also to the capital.
In an effort to prevent gather

Argentina in bid to revive

talks on **Falklands**

ARGENTINA'S AMBASSADOR to the US, Mr Lucio Garcia del Salar, has been recalled to Bnenos Aires to help revive

Argentine efforts aimed at bringing about a negotiated settlement to the issue of the Falkland Islands. Buenos Aires has been with

resigned to an impasse Britain ever since Mrs Thatcher'e Government refused to heed last November's United Nations general assembly vote calling on both countries to resume negotiations on all aspects over the islands. However the appointment of

one of Argentina's most experi-

respected senior diplomats as

about a new diplomatic offensive in the coming months. Foreign Ministry officials confirmed yesterday that although Mr del Salar officially had a wide brief as a "roving ambassador," the "Malvenas" ambassador," the "Malvenas would be a "top priority."

Stewart Fleming explains why many analysts are bullish on the economic outlook

Optimists to the fore on US economy

James Baker gives the congressional Joint Economic their projections. The strength of the outlook for the US economy the stock and bond markets today he should have no difficulty striking an optimistic note in harmony with the upbeat assessment of the State of the Union offered last night by President Ronald Reagan.

Mr Baker be able to echn the judgement of many private economists that, at least in the short term, the US economy is likely to perform rather better than seemed likely a few to revise opwards its forecast months ago. He will also, if he wishes, be in a position to say some positive things ebout their projections. The strength of the vigorous rally in both of the vigorous ra

say some positive things ebout the outlook for the federal

The Office of Management and Budget this week disclosed that it had revised its projections for the 1987 federal hudget to show a deficit of just over \$180bn (£130bn), significantly less than the \$200bn plus which White House officials were expecting and politicians fearing just a couple of weeks 320. and internationally

wall Street, however, while withally unanimous in dismissing the threat of recession in a "special adviser" to Mr Dante Caputo, the Argentine Foreign Minister, is expected to hring 1986 remains deeply divided about the economic outlook with respected private economists projecting growth of anything from 2 per cent (Data Resources) to close to 4 per cent (Goldman Sachs Economics 3.7 per cent). As interest rates have fallen,

WHEN US Treasury Secretary the optimists have been feeling James Baker gives the con- a little more comfortable with

as a key element in its decision to revise opwards its forecast for economic growth in the first half of 1986. Goldman's economists argue that with their assets worth more consumers will be more inclined to run down their savings and will feel more comfortable with a higher level of debt. As a result, they agree, consumer spending will continue to underpin the economic expansion.

The economy, Goldman Sachs maintains, is shifting into higher gear and is moving towards the 4-5 per cent reai GNP growth it has been pro-jecting for 1986 on a fourth quarter 1985 to fourth quarter 1988 hasis. This compares with the expansion of only 2.3 per cent in 1985 as a whole and the 2.4 per cent which the Commerce Department reported earlier this month for the fourth quarter.

Computerworld

revealed some re-

markable results.

league tables on

They published

such factors as

out head and

shoulders

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man, for example, notes that faster personal income growth in the fourth quarter, a pick up in consumer confidence and further projected declines in unemployment are elements which will keep the US economy moving forward. It is expecting only e slow and small improvements. improvement in the huge \$140hn plus US trade deficit, the emergence of which was such a drag on the manufactur-ing sector and the overall economy in 1984 and 1985.

pessimistic projections for capital spending based on recent surveys of husiness plans are heing questioned in view of expectations that corporate profits could rise by 15 per cent this year after apparently declining in 1985 and in the face of the surprisingly sharp fall in long-term interest rates since September. Few economists are expecting much of a rise in interest rates (short or long term) at least until the second half of the year, not least because the Federal Reserve Board's room for manoeuvre seems to have been expanded by a decline in oil prices which should help to keep inflation under control.

keep inflation under control.
The divergence amongst private economists about what private economists about what 1986 will bring suggests that there are considerable uncer-tainties surrounding current projections even if the optimists are finding it easier to make their case today than

they did a few months ago. These reflect in part different interpretations of how the economy is currently behaving. Pessimists are arguing that consumer debt hurdens are too high, and personal income

growth too slow to allow con-sumer spending to keep expand-ing indefinitely. They question the likelihood that husinessmen Many economists are also will adopt more adventurous projecting an upswing in stock stock huilding and capital huilding as a factor which spending policies in the fourth could provide the economy with year of the cyclical economic

forward momentum. Current upswing. Some worry about pessimistic projections for America's dangerous depen-

compromises on the deficit, may provoke a political crisis and

economists to huild more pessi-mistic assumptions into their Even before then the markets may have to absorb the adverse impact of the plunge in oil prices on some hard pressed financial institutions and on the increasingly precarious finances of debt-burdened Mexico, before the positive effects expected on

an adverse reaction in the financial markets sometime in the summer. This could force

Such impanderables help to explain why, even though many economists say the chances of a recession this year are alight, they nevertheless suspect that the US economy is poised pre-

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and grow. They

canclusterupto

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economic growth begin to above

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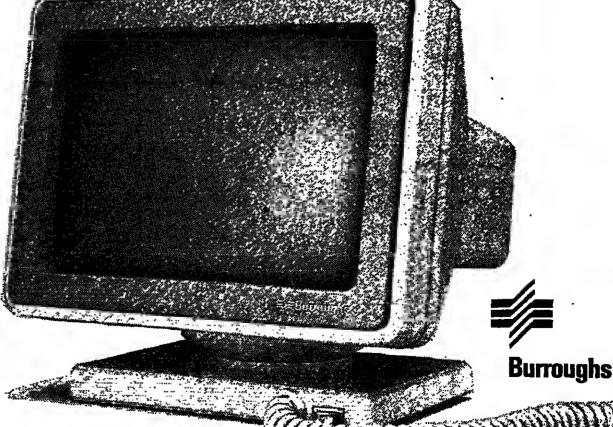
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Space teacher's triumph ends in sudden tragedy

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

yesterday's ultimately tragic Challenger mission had been built up as a triumphant launch ef the first ordinary member of the public into space 37-yearold New Hampshire school-teacher, Mrs Christa McAuliffe. It turned into a nightmare 72

seconds after blast off.

Mrs McAuliffe, who was
married with two children, was chosen from over 11,000 appli-cants, and had been built into a national heroine by the heavy coverage she received in the US media.

She described herself as "an ordinary teacher, but touched by an extraordinary ex-perience and had said that she would keep a journal of her project in orbit "just as the pioneer travellers of the When Vice-President George

When Vice-President George
Bush announced her selection
last July at a White House
ceremony he described ber as
one of America's teachers with
the "right stuff," the phrase
writer Tom Wolfe had used in
his history of US astronauts.

Mrs McAuliffe received 2 gift
of 2 \$1m personal accident insurance policy from Corroon
and Black Inspace, a satellike
and space insurance firm. The
washington company said it
arranged the insurance on the
Lloyd's of London insurance
market.

Mrs McAuliffe was not the
heen teaching for 15 years was



McAuliffe had been in heavy demand to appear in an endless range of events ranging from the Johnny Carson late night chat show to appearing before Conestoga wagon days kept per- Kiwanis community service

Mrs McAuliffe received a gift

married to a lawyer and had been teaching for 15 years, was to have given two lessons in space which were to have been beamed to classrooms ocross the US and carried on public television stations. She was to have been filmed in flight demonstrating how magnetism the crew of Challenger in the show have been filmed and the crew of Challenger in the crew of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger. Dr Judith Remick, a series of the control only woman on board Challenger.

works, how plants grow and how other items function in weightlessness.

The crew of Challenger inthe weightlessness.

Aside from her role in Nasa's flight and making his second teacher-in-space" project, Mrs space shottle mission. An air-

force jet pilot, who flew combat missions in Vietnam, be made his first space flight in 1984 and was married with two

and was married with two
children.

The other crew members
were Commander Mike Smith,
40, Dr Ronald McNair, 36,
Lieutenant Colonel Ellison
Onizuka, 39, and Gregory Jarvis,
41, Commander Smith was due
to pilot the shuttle while
Dr McNair was an expert in Dr McNair was an expert in lasers. Mr Jarvis was a satelling engineer who worked for Hughes Aircraft and was flying on Challenger to conduct tests on the effects of weightlessness on fluid carried in tanks.

Nancy Dunne reports from Washington: For several hours yesterday an official news blackout shrouded rescue efforts. With the twisting contrails of the explosion still lingering in the clear morning sky, fragments of the 100 tonne spacecraft rained down on the cold grey-hue Atlantic. blue Atlantic

Moments after the explosion observers caught sight of a paramedic parachotting into the

"Recovery forces are proceed-ing to the area including ships and a C-130 sircraft," reported Mission Control from Houston. A television crew in a rented plane surveyed the crash area but all that could be seen was paramedic parachuting into the the fragments of the \$1.2bn spacecraft.

Rescue efforts were held up for nearly 45 minutes. Nasa later reported, by the fall of debris into the impact area. Paramedies led an effort to find

School's cheers turn to disbelief

A RLAST of party horns and cheers turned quickly to silence and stunned disbelief as 1,200 Concord High School pupils watched the space abuttle challenger rise into the sky and explode into pieces, AP writes from Cancord, New Hampshire.

"It's awful Just too awful to contemplate," Mr Charles
Foley, the shoot's principal,
said as he fought back tears.
"I hop God will be good, I
hope he'll be good to all of us."

Television monitors carried the long-awaited launch of Mrs. Christa McAuliffe to classrooms throughout the high school, where Mrs McAuliffe taught profile studies and later and studies and later and school. Christa McAuliffe to classrooms throughout the high school, where Mrs McAuliffe taught social studies and law and planned to return to teach in the antumn.

About 200 pupils and teachers watching a television set in the school auditorium had seen the final 10-second countdown and cheered wildly as the shuttle's engines blasted the craft toward space.

Believing the launch to be normal, the students continued to cheer and blow their horns until someone in the balcony seconds later yelled, "Damn it. There's a major malfunction Shut up so we can hear." The silence was broken by

murmurs of "This isn't real is it? This can't be happening?"

Nasa suffers severe setback

THE explosion aboard the space shuttle Challenger 72 three goals in mind. These seconds into the craft's 10th are; to put satellites into orbit; of the space disaster that may set back the US space programme by years and ferce a complete reappraisal of the nation's activities in the cosmos.

Inevitably, the disaster will also focus attention on the necessity of putting people into orbit. The shuttle is the first vehicle to take people into orbit. Ariane and the shuttles are at present and the shuttles are at present.

Inevitably, the disaster will also focus attentien on the necessity of putting people into orbit as opposed te launching satellites and other payloads with unmanned, expendable rockets.

The US sbuttle fleet—developed since 1972 at a cost to the US taxpayer of some

The shuttle is the first vehicle to take people into orbit—a maximum of eight—and bring them down again in the manner of an aeroplane.

One of the outcomes of the catastrophe may well be to downgrade the role in space transport of manned vehicles in favour of unmanned rockets

The Paris-based ESA was one of the first organisations to send a message of sympathy yesterday to the US National Aeronautics and Space Adminis-tration, which operates the shuttle fleet.

Another consequence of yes-terday's events may be to put off—perhaps for ever—a USoff—perhaps for ever—a US-inspired plan to build by the 1990s an international manned space station. This \$12bn struc-ture, built with the help of Japan, Canada and Western Europe, is due to act as a permanent base for eight people and as a laboratory for a range of scientific experiments.

The countries discussing the

and the shuttles are at present roughly sharing this business, which adds up to 10-20 launches

enture were due to give the final go-shead to the scheme early next year. In the light of yesterday's accident, they may well question whether the world can afford to go without such grandiose schemes until engineers have gained more basic engineering expertise in

the business of keeping people alive in the cosmos.

The loss of the shuttle's seven crew marks the first time since the US's space missions started in 1961 that an American astronaut has died in orbit. The only comparable disaster

was the launch-pad fire in 1967 which killed three American spacefarers, Virgil Grissom, Edward White and Roger Chafee, while they were practising procedures for the Apollo moon shots.

Colina McDougall reports on the formidable potential of the Chinese leader's critics

Deng's opponents wait in the wings

DENG KIAOPING'S reformist leadership has grown increas-ingly alarmed at the apparently irrespressible corruption of Communist Party officials and its association with his more liberal economic policies. In a mounting campaign to stamp out evildoers. Hu Qili, widely tipped as Deng's choice to succeed Hu Yaobang as party General Secretary, last week threatened lawless officials with capital punishment.

This comes on top of last rear's student discontent (the worst since the 1966-76 Cultural Revolution), the rising cost of living, and the failure of some inward foreign investment policies. Deng's political opponents and the state of the s wait in the wings while his poli-cies are working but, can be ready to emerge at signs of

who are these opponents, how powerful are they, where de they work and how far do they exist among the younger, still untested, officials?

Some are probably conservative Marxists who disapprove of economic liberalisation on ideoeconomic liberalisation on ideo-logical grounds er believe it cannot work. Others fear the loss of influence which decen-tralisation inevitably means. Still others, such as those in the military, see their stains downgraded. Very few seek a return to Maoist radicalism, aithough many were associated although many were associated with it in the past.

These groups will be enhanced by an amorphous swathe of officials, workers and the public at large who feel some apprehension over recent developments. Peking's inability to
insulate the urban population
against huge price rises and
to forestall last autumn's remaining members, several
potentially explosive student are military and, while they
demonstrations will have raised
considerable doubts about the
leadership's wisdom and
is probably fair to say that leadership's wisdom and is probably fair to say that, efficiency.

There is little deubt that a tives support him when his hard core of able, if elderly, policies work, in times of severe

conservative Marxists remain doubt the Polithuro could be



Even among the new younger faces there are some whose background suggests they may not at heart be economic liberals, and there are any

number of mid-level cadres who owed their original promotion to the Cultural Revolution. Deng has whittled away at all

these groups but is still far from eliminating them.

In the 22-strong ruling Polit-buro (including alternates), as

it emerged at last September's special party meeting, only about eight look like firm Deng

at the top of the party. This swung against him core is still strong in the army. A thought-prove

Having adopted the mette "kill one to teach 160," the Chinese Government has promised that senior officials mised that seniar officials found guilty of economic crimes are liable to be executed, writes Robert Thomson in Peking. Hu Qili (left), an influential Politiburo member, recently identified crimes by the children of high officials as a particular problem.

During student protests at the end of last year, the demonstrators complained of frequent cases of nepotism. Instances of children taking advantage of their parents' position to fatten their bank accounts have been reported in the Press.

Until now, execution has generally been reserved for violent criminals and thieves, but corruption has become so

swing against him.

A thought-provoking fact is that, if Deng met an unfortunate accident, Chima's top ruling body, the Polithuro Standing Committee, would be split evenly between his men and the conservatives. Besides Deng, the current membership consists of two of his supportersparty General Secretary Hu Yaobang and Premier Zhao Ziyang—plus head of state Li Xiannian and economist Chen Yun.

Li Kiannian, a former Minis-ter of Finance, had strong links

with Mao and survived the Cultural Revolution completely

untouched. Chen Yun has been on the Politburo fer probably more then half a century. Though be fell out with Mao over the 1858 Great Leap Forward and the Cultural Revolution.

widespread that the leadership fears its economic re-forms could be compromised. However, Hu stressed that the present campaign was not political and that it involved real justice."

"Those who should be arrested, should be arrested, and those whe should be killed," he

The Government would show ne favour in dealing with "key cases involving some high-ranking cadres and their some and daughters."

Diplomats suspect that several senior officials might be used as public examples, as corruption extends from street-level swindling to the upper reaches of the Communist Party and Govern-

proponent of the planted economy, he made two vigorous speeches last September critical of aspects of the referms. He holds the key post of chairman of the party's internal police force, the Discipline Inspection

While Li (76) and Chen (80)

while Li (76) and Chen (30) are unlikely to seek long-term power for themselves because of their age, they may well try to ensure that Deng's appointments of younger economic

liberals are parallelled by placings of planned-economy

They could include such figures as Folithuro alternate Chen Muhua, formerly Minister

and Trade and now president of the People's Bank. She has worked for Li Klannian since the 1950s.

tion, be ran the economy with the 1950s.

Today, Chen appears in public infrequently, which is hardly surprising since Deng more of his proteges last does not like his views. A September in Polithure seats

left vacant by resignation. Properly, the Polithere abould have been maintained at the

have been maintained at the strength it was when elected at the 1982 party congress.

At least the party secretariat, second only in power to the Polithuro, has awing Deng's way. On that body, his supporters are probably now in the majority, and several (as opposed to only one probable conservative, Yu Qiuli), are members of both.

A powerful source of opposition to Deng's reforms is the military. Though benefitting from the new policies in terms of greater efficiency and more undern weapons, it has lost out in power and prestige. Eight

in power and prestige. Eight senior army men were cleared off the Polithuro in September,

But several of the eight army ex-Folitburo members are still on the military commissions, bodies so important that Deng has retained the chairmanships for himself.

for himself.

Finally, among the party rank-and-file there is a huge number who joined in the Cultural Revolution and want to preserve their privileges, While the party rectification now in progress was supposed to weed them. them out, few have actually been dismissed. Focus of their loyalties could be former Chair-man and Premier Hua Guofeng. once the leading beneficiary of the Cultural Revolution and

still a member of the Central While Deng's reforms and the While Deng's reforms and the opening up of China retain their impetus, it is not likely that these disparate forces would coalesce sufficiently to present an opposition. In any case, the more pregnatic of his adversaries would probably coacede that more has been done to modernise China in recent than one hefore. But, if to modernise Coinz in recent years than ever before. But, if the policies fall through misjudgment and corruption, or Deng were not around to push them through, they could present a formidable front for his men to overrule.

Israel fails to arrange talks with Mubarak

BY DAVID LENNON IN TEL AVIY

THE PROSPECTS for a breakthrough in the Middle East peace process have dimmed following Israel's fallure to arrange an early summit meeting between Mr Shimon Peres, its Prime Minister, and President Hosni Mnbarak of Egypt, according to officials.

"If our peace treaty with Egypt does not lead to normal relations between our two

by persistent reports from Amman of a stalemate in talks between King Hussein and Mr Yassir Arafat, chairman of the PLO, on ways of winning PLO approval for negotiations with

Mr Ezer Welzman, minister without portfolio, led efforts to persuade President Mubarak to meet Mr Peres while they are both in West Germany this

Pakistani

reshuffled

PARISTANI Prime Minister Mr Mebammed Khan Junejo yesterday named a new cabinet, dropping his finance and planning minister, Reuter reports from Islamabad.

Ne explanation was given for the absence of Mr Mab-bubul Haq, known abroad as

the architect of Pakistan's economic policy, including moves to open the country to foreign investment.

Mr Sahabuda Yaqub Khan, Foreign Affairs Minister, and Mr Mohammad Aslam Khat-tak, Interior Minister, re-tained their posts in the 35-member cabinet sworn in last

night. Mr Misn Mohammad Yesin

Than Wattoo, formerly Edu-cation Minister, became Minister for Finance and Planning

Cabinet

Israel's foreign debt ruse to \$23.9hn (£17.07hn) at the end of September 1985, and the cost of servicing it will be \$1.8bn this year, according to the Bank of Israel, the central bank, writes David Lennon in Tel Aviv, The increase stemmed from the decline in the value of the dellar against the European currencies and a \$400m growth in the obligations of

week, or early in February, the Palestinian problem.
When he received Mr Weizman During Mr Peres' current in Cario on Sunday, the trip to Europe, he has met four Egyptian leader made it clear times with Mr Richard Murphy. that be was not interested in a President Reagan's special summit until progress had been Middle East envoy. summit until progress had been made on resolving the differmade on resolving the differences between the two countries over the disputed Tabo enclaves in Sinai.

Jerusalem regards the rebuil peace process because progress as a bad omen for making progress in efforts to persuade mediations was incremental mediations was incremental mediations was incremental mediations was minimum to the mediations was made mediations was minimum to the mediation to t

ing to Western diplomatic sources

The sources quoted reports from

Afghanistan as saying a Soviet for-ce of about 400 tanks, armouned

personnel carriers and other vehicles carried out a search-and-destroy mission in mid-January against guerrillas in the eastern

province of Nangarhar, near the Pa-

The Soviet force was supported

by MiG fighter-bombers, which at-tacked guerrilla positions and cleared the way for the armoured

interviewed by AP.

xistani border.

Soviet tanks, jets attack

guerrillas in Afghanistan

The insurgents suffered another 200 casualties in heavy bombing in other parts of the country, according guerrilla hideout near the city, kill-

the banking sector. Officials here said that government and non-financial commercial debt declined slightly. About 65 per cent of the foreign debt is owed by the Govern-ment, two thirds of this in long term lones from the US. Bank Habilities account for 21 per cent, while the remaining 14 per cent repre-sents debt by the private, non

ing 120 guerrillas and wounding an-

other 60. There were also numerous

civilian casualties in the Herat bombing, the sources said.

The diplomatic sources said the fighting lasted from January 17 to 20 and that guerrilla losses were

140 killed and wounded, with an un-

dertermined number of civilian

have destroyed six tanks, two hell-

copters and one jet in the fighting, they added. One source said the So-

viet force had pulled back on January 20, leaving its dead behind.

The guerrillas had claimed to

Hussein and Mr Arafat on a Middle East peace formula will continue in Amman until Saturday, a Palestinian source said, AP reports from Amman. The highly placed source said the nighty placed source said the meetings were decisive. The formula would build on the year-old Hussein-Arafat agree-ment to offer peace to Israel and create a Palestinian state confederated, with Jordan,

Mr Arafat met King Hussein twice on Sunday, then talked with Mr Zaid Rifal, Jordanian Prime Minister, on Monday, Last month Mr Muharak cautioned that the Palestine Liberation Organisation risked

cess if it did not accept UN security council resolution 242.
The resolution calls for peace guarantees in return for Israeli withdrawal from land captured in the 1967 Middle-east war. In addition to the co-opera-tion of Mr Mubarak, King Hussein has sought support for

as a bad omen for making progress in efforts to persuade Jordan to enter into negotiations was "incremental" foe of Mr Arafat, but little rather than substantive.

The talks between King Syria would go along.

India links diplomats to

o high-ranking official resigned abruptly and newspaper reports puted margin.

said they were linked to o businessman accused of spying for Tailence since the increasing bit-

resigned, PTI said.

Catholics signal support for Aquino

By Chris Sherwell and Samuel Senoren in Manita

THE PHILLIPINES Roman Catholic Church yesterday signalled support for Mrs Corazon Aquino in her presidential election battle against incumbent Ferdinand Marcos.

The Catholic Bishops' Conference warned that a "con-spiracy of evil " was violating voters to become a "massive force supporting those who were "morally, intellectually and physically capable of inspir-

ing the whole nation towards a hopeful future."

Though the Conference did not name Mrs Aquino, the strongly worded statement was widely taken as an endorsewitely taken as an endorsement of her candidacy. The bishops also expressed "whole-hearted support" for the independent Notional Citizens Movement for Free Elections (Namfrel) specially formed to monitor the counting of votes and the official Commission on Elections (Comelec).

In a controversal move

SCORES OF Soviet tanks backed by jet fighter-bombers killed or wounded some 140 Moslem guerrillas also suffered heavy las in fierce fighting in eastern Afghanistan recently, AP reports from Islamabad.

The insurgents suffered another 200 casualties in heavy bombing in other parts of the country, according the parts of the country, according the country according to high-ranking official resigned.

AI gnanistan

Spy Scandal

On the other side of Afghanistan, in the western province of Herat, guerrillas also suffered heavy west German and US diplomats were involved in a growing Indian espionage scandal which forced two Cabinet ministers to resign, Renter reports from New Delhi.

The insurgents suffered another 200 casualties in heavy bombing in other parts of the country, according to high-ranking official resigned.

Elections (Comelec).

In a controversial move. Comelec this week debarrate west German and US diplomats were involved in a growing Indian espionage scandal which forced two Cabinet ministers to resign, Renter reports from New Delhi.

The insurgents suffered another 200 casualties in heavy bombing in other parts of the country, according to the country, according to the other side of Afghanistan, in the western province of Herat, beavy were involved in a growing Indian espionage scandal which forced two Cabinet ministers to resign, Renter reports from New Delhi.

The insurgents suffered another 200 casualties in heavy bombing in army troops had discovered a big guerrillas hideout near the city, kill-

Marcos is returned by a dis-

wan and passing secrets to Israel, West Germany and other unnamed nations.

The Press Trust of India (PTI) newsagency announced late last night the resignations of Mr K.P. Singh Deo, Minister of State for Food and Civil Supplies, and Mr Channial Chandrakar, who has the Rural Development porifolio.

Mr M.S. Sanjeevi Rao, chairman of the Electronics Commission, also reports of vote buying and

reports of vote buying and bribery. Black students call off South African school boycott

BY ANTHONY ROBINSON IN JOHANNESBURG

township unrest, costing over 1,000 lives in the past two years.

could improve the chances of the Government lifting the partial state of emergency declared on July 21, was generally peoceful with police and army units ordered to maintain e low profile. But the fragility reports came in from the town-

THOUSANDS of black students

It was the death of a 15-year—the Government three months in old school girl run over by a which to agree to a package of they were frightened of the boycott against inferior "Bantu eduction" and other grievances which has disrupted their education and been a big factor in township nurses coefficients with hind-township nurses coefficients.

It was the death of a 15-year—the Government three months in they were frightened of the so-called "comrades"—militant of release of all detained students black youths whe have been which has disrupted their education and been a big factor in sight—marked the beginning of to the state of emergency and intimidating both students, Atteridgeville, north of release of all detained students Pretoria, in February 1984 and teschers, the creation of which sparked eff the first school boycott—and with hind-tion committees (SRCS), an end sight—marked the beginning of the state of emergency and the current unrest the current unrest.

students, officials from the Department of Education and Department of Education and Training, the Soweto Parents Crisis Committee (SPCC) and the police and even the banned African National Congress (ANC) have played their part. Orlando high school—which 10 The Interior point was a week. reports came in from the town ahip of Kagiso near Krugersdorp west of Johannesburg that a 15-year-old school girl. Miss Francisca Legoete, had been shot dead when police opened and Indian political and education with the school yard. A further 13 pupils return to school an Legoete and Indian political and education were school yard. A further 13 pupils return to school on Legoete and Indian political and education of missing classes and Francisca Legoete, had been and Indian political and educashot dead when police opened and Indian political and educafire on a group meeting in a tional groups decided to call a students declared they were school yard. A further 13 pupils return to school on January 28, tired of missing classes and At the same time they gave "hungry for education."

the removal of the army and The return to school, which the result of weeks of negotia- ships. Falling that they could improve the chances of tion and persuasion in which threatened to resume the boycott at the end of March.

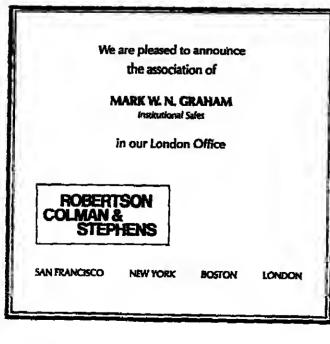
and related consumer boycotta, intimidating both students, parents and teachers in the process. They have been leading the boycott under such slogans as "no to gutter education" and "liberation for advertises. as "no to gutter education and "liberation first education Mr Matthew Ratsebo, a 22-

year-old Orlando student, told the FT "we all resent Bantu education. But half a loaf is better than none. Even if the comrades tried to stop the return they could not do so now because we are hungry for education." He, and others around him, rejected the liberation-first slogan saying "education and liberation go hand in hand. If you are ignorant you don't even know what you want." We are going to be meaning-ful.

Many of the students said back to school so we can organise and co-ordinate our efforts for the struggle against apartheid," he odded.

At the Ibbego High School up the road, 20-year-old Mr Moses Khoma, an aspirant economist who spent much of the boyeott period working for Barciays Bank under a make-jobs scheme organised by the iobs scheme organised by the Johannesburg Chamber of Commerce and the Sowato Civil Association, said "we cannot create a prosperous united South Africa without educated blacks."

They were echoing the words of black leaders such as Blakop Desmond Tutu, Dr Mthato Motlana and other community leaders with links to both the United Democratio Front and the ANC who argue that education is vital if eventual black emancination is to be a mancination in the property of the mancination is to be mancination.



Cit-Alcatel wins FFr 1bn telecom order in India

BY JOHN ELLIOTT IN NEW DELHI

cit-Alcatel of France has successfully negotiated a contract worth over FFr Ibn to be banded over to new telecommunications factory in India after two years of disagreement with the Indian Government over the project.

Subject to approval by the Government's Public Investment Board and recelpt of import licences, this will be the second factory built by Cit-Alcatel in India to produce 500,000 electives worth over the grave digital switching factory at Gonda in northern India three years ago, outflanking System X of the UK and Siemens of West Germany. But the Government was not satis-Government's Public Investment at Government's Public Investment at Government and receipt of import three years ago, outflanking licences, this will be the second factory built by Cit-Alcatel in System X of the UK and factory the Government was not satisfied with progress on the project and refused to confirm a contract for a second factory at

Negotiations were completed contract for a second factory which is to be sited at Bangalore in southern India. tries, which is going to the Indian stock market next week about to produce its first to raise Rsibn-Rs2bn (£60m-£120m) for its future develop-

ments.

India's telephone system is Government decided against entering a period of major importing a second foreign expansion and modernisation. technology and went ahead with and companies such as GEC of the Cit-Alcatel negotiations. But the UK, and Cit-Alcatel, plus the size of the project is being

the size of the project is being reduced because a large proporthe UK, and Cit-Alcatel, plus others from Europe, Japan and the US are chasing large projects for rural telephona exchanges, microwave links and optic fibre developments.

They are also offering to take part in the modernisation of the project is being the size of the project is being reduced because a large proportion of components for the exchanges will be made by subcontracting on assembly.

This will reduce the size of the project is being th

Bosch sets up

The three are establishing

the other partners 30 per cent

Production of injector valves.

mainly to Bosch licence, will begin next year with the ont-

put initially going to Mitsu-bishi Motors Corporation.

tems, where the German com-pany is a world leader.

Dany is a world leader.

The Japanese Government has agreed to double the quota for EEC shoe imports in a new move to relieve trade tensions between Brussels and Tokyo, following the visit of Mr Jacques Delors, the Commission President, last week, Ivo

Dawnay reports from Brussels. The deal allows EEC mann-facturers to ship 2.4m pairs of shoes in the corrent fiscal year,

Japan valve

Spie Batignolles awarded Kenya hydro-project

SPIE Batignolles, the French civil engineering and construction group, will carry out a FFr 2bn (£192m) contract to build a hydroelectric complex at Turkwell in Kenya.

The project, one of the most important French orders to bave been landed in a part of Africa which has traditionally favoured British suppliers, will be supported by French export be supported by French export credits to be supplied by the Government and a banking consortium led by the Banque de l'Union Européenne.

The contract for 22 simulators is the higgest of its kind ever placed by a single client, and there had been strong competition from other leading European and American manufacture.

The contract has been facturers, a Thomson - CSF awarded by the Kerio Valley official said.

Development Authority to build The state-owned company Development Authority to huild
a 100 metre-high dam as well
as an underground power
station of 106 MW capacity and
2 220 km alest in the state-owned company
West Germany in 1975 for
Leopard battle tanks. The a 220 km electricity transmis- French army has 20 Thomson

Japanese and Canadians to drop LNG plan joint venture

A \$3bn (£2.1bn) project to ROBERT BOSCH, the West import liquefied natural gas (LNG) from Canada is to be German antomotive components and electronics group, is setting abandoned after protracted up a joint venture with two negotiations. The final decision Japanese companies to manunegotiations. The final decision to scrap the proposed deal is to be announced today by Mr Kamesaburo Matsunaga, president of Chubu Electric Power.

At the final round of talks which concinded in Tokyo yesterday by Bosch and its Japanese partners, Mitsulting the Japanese side demanded strict pricing conditions on the strength of phillips. tions on the strength of phummeting crude oil prices, while the Canadian side, headed by Petro Canada and Mobil Oil Canada expressed concern ebout premises rented from Mikuni. premises rented from Mikuni.
The company will be capitalised at Yen 1.2bn (£3.6m) with Melco holding 40 per cent and

the feasibility of the project.
The Canada-Japan project initiated in 1980, called for import of 2.35m tous of LNG a year from Canada over 20 years starting in 1989 by four Japanese would be users including Chubu, Chugoku, Kyushu Electric Power companies and Toho Gas. Chubn was to take more than two-thirds of the LNG.
After the withdrawal of Dome After the withdrawal of Dome
Petroleum, the lead negotiator, in 1984 a new company was established by Nissho Iwai and other Canadian concerns to handle the project.

The Japanese and Canadians at that tima agreed to set the price of LNG on the basis of crude oil and natural gas gas prices.

Mearly Yen 9bn will be invested over the next three vested over the next three in provide Nippen Injector with its own factory.

Bosch already has joint ventures with Japanese companies in fields including packaging machinery and anti-skid systems for brakes. But this is its first in Japan in fuel injection systems, where the German com-

gas prices.

The Canadian suppliers were understood to be concerned about the profitability of the project, particolarly for the issue of loan guarantees for the construction of a \$2.5hn pipeline, which was to be shared between Mobil Oil (30 per cent), Petro Canada (30 per cent), Westcoast Transmission (15 per cent), Suncer (10 per cent) all of Canada; and the Japanese partner Nissho lwai (15 per cent).

Iwai (15 per cent).

It bas now been determined that the Canadian LNG price of other European products linked with crude oil price will not pay off the construction of the pipeline.

The Japanese Table 1 price will ranging from tractors to pharmaceutical equipment.

Tokyo has also

The Japanese utilities said they will step up imports of munity, to raise customs duties Indonesian LNG to make up for the cancellation of Canadian entering the EEC from Japan

Boeing deal for Saudi aircraft plant

BOEING of the US has signed an agreement with Gulf coman agreement with Gulf companies to set up an aircraft
overhauling plant in Saudi
Arabia, the official Saudi Press
Agency (SPA) said yesterday,
Reuter reports from Behrain.
Boeing will team up with
Saudi Arabian Airlines and two
investing companies to put
more than Riyais 480m (£96m)
into the project, the agency
said.
The plant is part of an

and the plant is part of an offset programme," under which Boeing and other US winners of a large Saudi contract to set up an early warn-ning defence system are required to reinvest some of the funds in high-technology industry in the kingdom. In oreliminary plans, Boeing bad proposed a plant for the total maintenance of fixed and rotary-wing aircraft, with an estimated cost of \$230m. \$270m (£164m-£192m) industry officials said.

omeras said.

One official said plans, still not finalised, now call for an "aircraft modification centre" which may go beyond maintenance in atructurally changing planes or helicopters.

The two other companies in the project are Saudi Arabia's National Industrialisation Com-pany and the Ruwait-based Gulf Investment Corporation, owned by six Gulf nations including Saudl Arabla,

Airbus to step up world sales campaign

IY MICHAEL DONNE, AEROSPACE CORRESPONDENT

OVER the next few months, Airbus Industrie, the European airliner manufacturing group, will be stepping up its sales campaign with the world's airlines for its proposed two new lines for its proposed two new lines and the Advanced Turbowed-bodied airliners, the 330-seat short-to-medium range twin-engined A-330 and the 250-seat very long range four-engined A-340.

As well as seeking launching going to another manufacturer.

As well as seeking launching orders for the two new jets, Airbus will also be refining the technical details of the designs, so that when final production go-shead is authorised around the end of this year the world's airlines will have clear specifi-

> At the same time, over the next few months, the major shareholders in Airbus, including Aérospatiale of France, British Aerospace, Deutsche Airbus of West Germany and Casa of Spain, will be approaching their Governments on the question of provision of much, if not all, of the \$2.5bu (£1.7bn) isunch cost for the new ventures.

British Aerospace, which has a 20 per cent stake in Airbus on behalf of the UK Government, will need to raise up to \$500m if it wants to participate in building the A-330 and A-340, working on the common wing for both aircraft, in the same way that it already builds the wings for the other Airbus models, the A-300, A-310 and

BAe has made it clear that it will need 100 per cent launch aid from the UK Government,

OVER the next few months, because its own cash resources

much-coveted wing contract going to another manufacturer. either in Europe or the US, or even in Japan.

At this stage, it is not certain whether the Governments of the other partners will produce their shares of the development cash required. All that is clear is that there will be much patient financial negotiation in Western European cepitals this

finds governments reluctant to put up the cash, it will seek other methods of financing the other methods of financing the proposed new aircraft, such as borrowing on the commercial market on the security of firm ordars from the airlines.

Putting together the new programme, now that it has been approved in principle by the Airbus Industrie Supervisory Board, will thus be a complex task of convincing the airlines that the programme is sufficiently realistic to justify

sufficiently realistic to justify placing the orders, without which neither governments nor the commercial markets will commit development funds. It took Airbus many months

to reach a similar launch posi-tion with the short-to-medium range 150-seat A-320, bnt subseMcDONNELL DOUGLAS of the US is to start flight tests pext year of a revolutionary prop-fan engine developed by Allison Division of General

Allison Division of General Motors, in competition with tests by Boeing using a General Electric prop-fan engine, Michael Donne writes.

The Allison engine is called an Ultra High By-pass (URB) system, the 578-DX. It will be mounted on a McDonnell Douglas MD-80 twin-engined let air/liner. The twin-engined jet airliner. The twin-engined jet arrither. The aim of the tests is to prepare a McDonnell-Douglas prop-fan airliner called MD-91X for service in the early 1990s. Boeing is already develop-ing a prop-fan airliner of its own, the 7J7, using the

It is possible that if Airbus quent orders have more than justified going ahead with that yesture. Airbus hopes the same situation will occur with the A-330 and A-340.

Both aircraft are being aimed at the world market for the

Airbus believes that a big market exists for both types of aircraft. The A-330 would be suitable for many European and North American short-to-North American short-to-medium range routes where a larger aircraft than the existing North A-300 and A-310 is needed to meet traffic growth in the years

Similarly, a wider market is envisaged for the long-range A-340, which will be capable of

General Electric Unducted Fan (UDF) engine, for service from 1992. Pratt & Whitney, a division of United Tech-nologies, is considering linking Allison in prop-fan engine

Prop-fan engines use a revolutionary new design of propeller blades barnessed to gasturbine power plants to produce substantial reduc-tions in fuel consumption compared with current generation of turbo-fan (jet)

Both the McDonnell-Douglas MD-91X and Boeing 7J7 prop-fan airliners will compete with the European Airbus Industrie A-320.

traffic to justify using the bigger Boeing 747 Jumbo jet. Competition will be fierce, however. Boeing is bound to offer its existing twin-engined 767 to meet the A-330, whilst McDonnell Douglas will offer its own proposed MD-11, a followon to the existing DC-10, in competition with the A-340. Airbus believes that in both

one-balf. Airbus sees in the new jets the chance to complete its full product range, giving Western Europe for the first time the

everything that Boeing and McDonnell-Douglas can offer apart from the 747 Jumbo jet. The Airbus family of jets will then extend from the single-aisle A-320 150-seater up to bigger wide-bodied aircraft

seating 400 passengers and covering stage lengths from 300 naotical miles to 7,000 nautical miles. By offering a large number of common factors in the two new models—common wings, fuse-lage, flight decks and systems—

 Mr Jean Pierson, president of Airbus, has announced major new appointments to the Airbus

Airbus hopes to save considerable sums on development

Mr Heribert Flosdorff, 53, a West German, currently vice-president of Messerschmitt-Bolkow-Blohm's transport airraft group, becomes executive vice-president and general manager of Airbus Industrie from February 1, replacing Mr Johann Schaeifler, who has left to join Dornier.

Mr Stuart Iddles, 41, currently executive director, sales, of British Aerospace's Advanced Turbo-prop and 748 pro-grammes, becomes Airbus senior vice-president, commercategories, a total market of about 1,900 aircraft will exist cial, replacing Mr Pierre Pailleret, who has left Airbus to pursue other interests. over the coming decade, of which it aims to win up to about

Mr Angel Hurtado, 40, director of contracts for Casa of Spain, becomes Airbus senior vice-president, purchasing, re-

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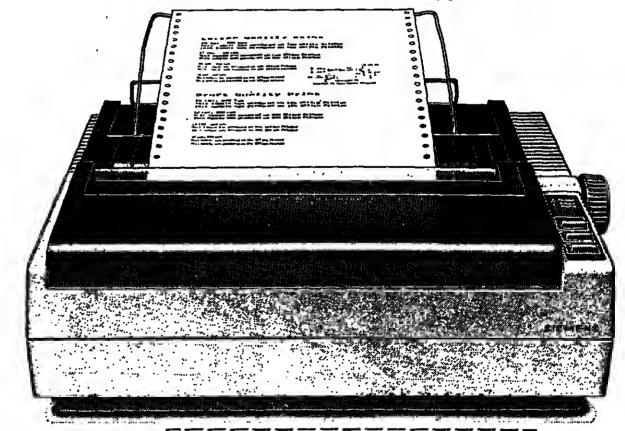
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Yugo car criticised in US

THE YUGO, the cheapest new scating uncomfortable.

car in the US and the first automobile from Yugoslavia ever imported there, has been imported into the US to sell at \$3,990 (£2,850), about testing magazine yesterday, Reuter reports from New York.

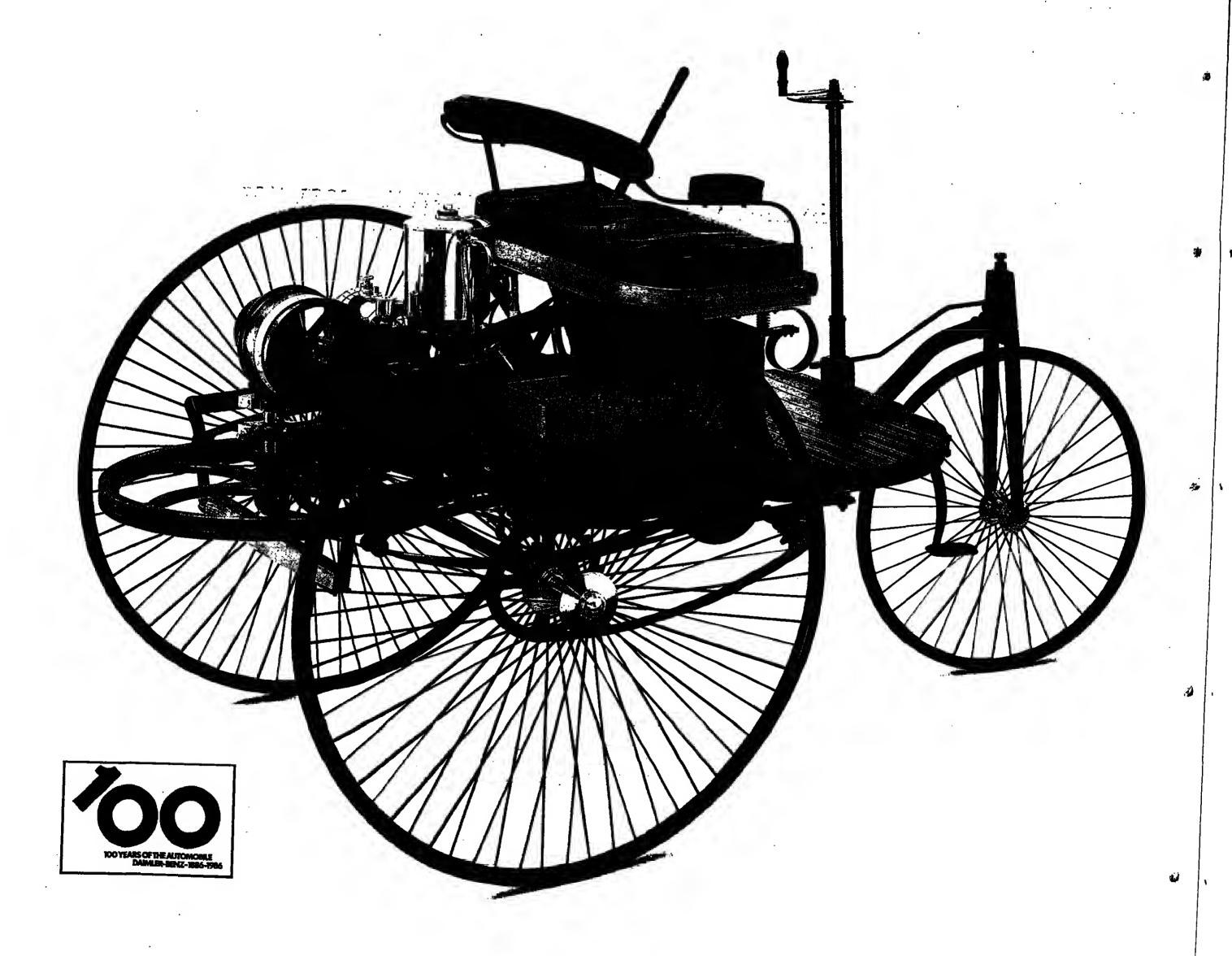
Consumer Reports which is Consumer Reports, which is widely used as a guide by US magazine said. car buyers, said the Yugo was Spokesmen

"It's a dated car,"

car buyers, said the Yugo was the worst small car it had tested in years.

The car's gear change was rated as imprecise, its ride jerky, its heating weak and its reached for comment.

A century ago today there was only one car in the world



For some people there still is

Precisely one hundred years ago today, Karl Benz set free the horse and changed the course of history.

Since then the development of the Daimler-Benz company and its products has been punctuated with outstanding engineering achievements: the incredible SSK, the stunning 540K, the irrepressible silver competition cars with 4400 victories to their credit. Daimler-Benz developed fuel injection, the passenger safety cell, the rear swing axle and the first diesel production car.

To the engineers in Stuttgart though, history is but experience and the future holds infinitely more excitement than the past. For them, the present is already history as they design with computers and clay the cars that will set 21st century standards of engineering by which all other cars will be judged.

The next century of Mercedes-Benz will acknowledge its debt to men like Gottlieb Daimler and Karl Benz, at the same time recognising the enormous responsibility that goes with leading the automotive world in the technology of safety, comfort, economy and social responsibility.



Engineered like no other car in the world

"WE certainly don't want to be known as a conglomerate," says Colin Southgate, managing director of Thorn EMI, the troubled group whose products range from bomb fuses, microchips and computer systems to cookers, TVa and light bulbs.

Once one of Britain's strongest electrical companies, Thorn EMI is still struggling to rebuild profits and to establish a coherent long term business strategy. Analysts and even the company's own management have difficulty making sense of its current diversity.

Given that it does not want to be a conglomerate, the critical question facing Thorn EMI — which the present management will not yet answer is what businesses does the company want to be in? The question is particularly pertin-uent because in many areas it is a relatively small player facing competitioo from large companies operating on an inter-

national scale.
Its technology spans the latest in semiconductor development to metal bashing, and its businesses include defence, manufacturing, software, retailing and services. Yet, with the exception of the record business. Thorn EMI is not a major force worldwide in any of its activi-

full-blown crisis hit Thorn A full-blown crisis hit Thorn EMI last summer when the once eash-rich business built on the pillars of TV rental and lighting began to run out of money. Peter Laister, chairman and chief executive, resigned and Sir Graham Wilkins, Thorn's deputy chairman and former chairman of the Beecham Group, immediately took over and announced a substantial reorganisation of its two biggest trouble spots, Inmos, which makes microchips, and Fer-guson, the television manufac-

Over the past few months the new management team has started raising money by aelling businesses in sectors it already knows it does not want to be. These range from a variety of small engineering companies to Screen Entertainment, which was recently sold for £110m in a management buy-out. It also proposes to sell its cable TV interests, plus part of Its stake in Thames TV through a public flotation and, It hopes, part of

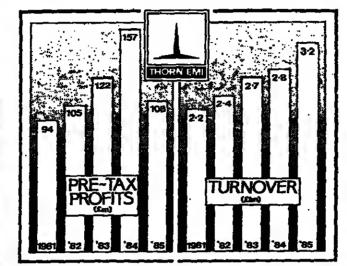
Thorn EMI's present prob-lems — at once highly diversi-fied and centrally run and having a high proportion of business in the UK — date back to the days of Sir Jules Thorn, who founded the company in 1928 to import valves from Germany. Built around the basic activities of lighting and the manufacture and rental of TVs. Sir Jules took the company into

Thorn EMI

Striving to revitalise its core

Jason Crisp reports on the challenges facing the UK electronics to domestic appliance group as it ponders the question of what businesses it should really be in







Sir Graham Wilkins (left) and Colin Southgate; facing up to the challenge of re-building profits

many new activities from domestic appliances to engineering.

After he retired in 1976 Sir Richard Cave, chairman until 1984, continued to make acquisitions though with a greater emphasis on the US and Europe. These were overshadowed by his purchase in 1979 of EML, the British group with Interests ranging from its troubled medi-cal electronics division and defence to music and films. Peter Laister, who succeeded

bim, showed no less enthusiasm for acquisition first with the unsuccessful attempt to merge with British Aerospace and then through the purchase of Inmos from the British government. The question now is bow can the company revitalise its core businesses? The problems in-clude how to preserve the position of its highly profitable TV and video rental business in a

sbrinking market and whether It should stay in consumer

The new regime has cut bead office staff, installed new management systems, fired over one third of the top 150 managers and made substantial changes in some of the more troubled parts of the business including Inmos, Ferguson and Capitol, the north American music subsidiary.

remarkable picture of a faced company which lacked basic pany. business controls and market research and which bad done

little to rationalise the multi-tude of companies acquired over the years in the UK and overseas. These criticisms, and comments made when the company's interim results were published earlier this month are clearly intended to blame the management for the group's present woes.

Peter Laister, who has remained silent since his sudden departure last summer, has become increasingly angry about such implications. points out that most of the improvements being elaimed by the new team are the result of actions taken up to three years

Laister also adds: "If you

being implemented was slow.

faced by this large public company. • There was no rationalisation of foreign subsidiaries. In many These include:

The information systems were so weak that they had no

carried as a central overbead, many products were under-priced. Small colour TVa are a particular example and were an important reason for the losses at Ferguson. Whether Ferguson bas scope to raise prices in a bighly competitive market is another matter. They claim there was in-

sufficient market research for a company which has such a high proportion of its business look at the key areas of in consumer products.

consumer electronics, domestic There are so many subappliances and semiconductors sidiaries in the group that the

that a number of changes were operating companies and meant already in band, but says that Thorn EMI had the fifth highest appliances and the restructuring businesses. As the company the speed with which they were audit fee in Britain. The company bas some 2,000

The points made by the brand and trade names which nusic subsidiary.

The points made by the brand and trade names which current team certainly provide. means many are weakly suparted and meffective;

countries there were no holding companies, so profitable sub-aidaries could not offset losses in sister companies against tax. a number of important products. In France the company bad six including television manufacture different insurance brokers and Ing and lighting:

As a result of this and because subsidiaries were not cause subsidiaries were not charged interest which was los Angeles and New York.

After announcing interim pre-tax profits of just £11.4m on sales of over £1.5bn. Sir Graham said earlier this month that as a result of actions taken so far "I can assure you wa are now past the low point in our fortunes."

For his part, Peter Laister again argues that many of the changes and improvements being claimed for the group are the result of work started well before the crisis. These include the appointment of many of the key people in the present management team, including the then worldwide market forces organisation chart needs grid management team, including the ing could also have, and still are, causing references to find them. There new finance director, who is problems for companies much larger than Thorn EML."

Sir Graham Colin Southgate acknowledges the UK. These were part of 37 revitalisation of the weak proclearer statem of the control of the weak proclearer statem. responsible for the introduction Sir Graham promises that of modern financial controls, the later this year he will make a revitalisation of the weak pro-duct ranges in domestic

Capitol in the US were established in his time. But as well as objecting to carrying the blame for all the group'a problems Laister is, unaurprisingly, critical of the change in strategy. "The one thing which made Thorn EMI different from all the other electronics companies in the world

tronics companies in the world was its combination of hardware and software. The disposal of the screen and cable activities leaves the company as a manu-facturer and retailer. But if you look at electronics manufacturing the company just does not count in world terms and as a retailer its strength is mainly in UK rental."

The company still faces enormous problems. The greatest of these is Inmos. The acquisition cost about £133m—its current value is acknowledged to be a tiny fraction of that sum. Turn-over is down and even after over is down and even after withdrawing from the mass memory market, cutting staff and reducing investment it is losing money at £2m n month in a very weak market with the hope of breaking even in the

The two hopes for Inmos are that the semiconductor market will pick up—" no aigns so far." says Colin Southgate—and thot the transputer, a very sophisti-cated and powerful computer on a chip will be accepted by the world's electronics industry.

The transputer is a bigb risk gamble as no European micro-processor has ever been accepted as a world standard, which it will bave to be if it is to be a success. Largely based on the potential of the trans-puter Thorn EMI hopes to attract an investor (almost certainly foreign) to take up to 49 per cent from Inmos.

Thorn EMI acknowledges it probably could not afford to continue with a risk as blg as Inmos even if the rest of the business was in good shape. But apart from its thriving TV rental business and HMV shops much of the rest of the group bas stagnated (see inset).

Even if Thorn EM has turned the corner it still faces enormous problems. If it can-not find a partner for Inmos or the transputer fails to live up to hopes it may have to take the very painful decision to close or sell it at a knock-down price. Television manufactur-ing could also be another pain-

clearer statement on the future group.

He adds that Screen Enterwill want to be sure that the tainment was turned round and the two new record labels for be repeated.

Mixed outlook for a number of activities

THE prospects for Thorn EMI's mainstream businesses are decidedly mixed. EMI Music—the second-largest record company in the world-is an unusual and entrepreneurial business which has suffered from the constraints of central control. "There is no doubt Music bas been starved of investment in artistes," comments Sir Graham. "It is not just a

question of getting the right artistes, we don't bave enough artistes." he has set the US subsidiary the am-bitious target of increasing sales from \$175m io \$275m

He strongly denies rumours that EMI Music is for sale. It has been suffering from heavy losses on its Capitol Music label in the US, a long-term decline in market share in the UK (now picking up again), and a late move into compact disc production. But it does have the advantage of it does have the advantage or being in a leading inter-national position. Capitol is investing heavily and has launched two new labels.

However, some observers believe FMT Music looks out of place in the group now the it is pulling out of the video and film businesses. Even if the subsidiary is not for sale at the moment, there remains suspicion that it may well he once the US arm has been turned round.

Even the very profilable TV rental business faces an uphili task in increasing its share of what is a gradually declining UK market. Like other rental companies, Thorn EMI is look-ing at other ways of expanding. These include going into overseas markets where renting TV2 and videos is not very common—a difficult challenge, as several UK com-panies have discovered in the past—and finding new pro-ducts for its domestic chains.

While the UK rental business is still strong. Thorn EMI has had rather less success with Rumbelows. its retail electrical chain, which is criticised for its poor systems, an undesirable mix of store sizes and an unclear consumer image.

Another of Thorn's traditional core businesses. domestic appliances-including cookers, washing machines and fridges with brands such as Tricity and Bendix—also suffers from lack of international scale. Its products have not been sold on the

ships would be refloated, moved

along a bit, and sunk again to create the next island. The barrage would thus ad-vance across the Mersey in a series of islands, starting from

the banks and moving inwards.
The diagram shows bow the supertankers would first be used to create the walled enclo-

sure within which the barrage's shipping locks would be boused before progress across the river

began.

The bows of the sbips would be cut off and modified so that ateel shutters could be fitted across the gap between them to provide a temporary bulkbead when sunk. The sterns would be alongside part of the last nices of work and the tem-

last piece of work and the tem-porary bulkheads involved at

that end would be much simpler.

Continent, while West German and Italian Imports have deuted Thorn EMI's market share in the UK. Its product lines have steadly grown stale as if has failed to keep the change in communication of the communication of the stall of the change in communication. mp with changes in consumer taste—although this has now here rectified with the recent launch of seven new ranges, to be followed by a further

The one export success in this area has been with small domestic appliances, such as mixers, which are sold under the Kenwood name in France and other countries. Even the Kenwood product line is badly in need of new models. Only last week, blaming a weak pre-Christmas market, the company cut nearly 100 jobs and initiated short-time

Lighting is another core Lighting is another core area where the company hopes to expand overseas. White the basic lighting business is stagnant and margins weak, Thorn EMI believes it has a number of special pro-ducts—such as industrial lighting—where it could exploit its technology la world markets.

Haif the division's sales are already made overseas, but this is mostly in basic con-sumer products in former Commonwealth countries surb as New Zealand and South Africa. These are low-margin products where Thorn EMI is products where Thorn EMI is at a disadvantage because of its relative small size compared with leading companies in the US and Philips in Europe. At the moment only about 15 per cent of the more specialised and more profitable lighting products are sold abroad.

Like Inmos (see mair article), television manufac-turing could be another pain-ful casualty. There EMI is the only remaining British-owned mass producer of colour televisions, and faces increasingly fierce competi-tion from the Far East

Its Ferguson subsidiary, which has lost 1,000 jobs as part of a reorganisation of its two factories, is now expected to be back in profit for the full year. Its capacity of about 700,000 sets a year is about the minimum size for profitable TV production. But there are doubts about whether a relatively small supplier will be able to stay profitable because of the cost of keeping up with changing manufacturing and com-ponent technology.

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TECHNOLOGY

Ian Hamilton Fazey on improved prospects for a barrage—and the novel way in which it could be built

BEHIND THE antouncement this week of vastly improved prospects for an electricity-generating Mersey barrage lies some advanced construction technology that has enabled previous estimates of costs to be slashed by 39 per cent. The likely cost reductions,

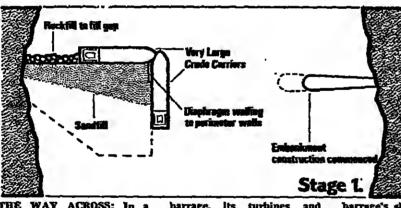
from £726m to £444m for the most attractive route, may make all the difference between goahead for the barrage or not. The rule of thumb for securing Government and public sector support for such projects is a discounted rate of return of 5 per cent on the investment.

The old price of construction, calculated roughly pro rata by scaling down cost estimates for a much more ambitious Severn barrage, would bave yielded barely that. The new one would give nearer to 10 per cent if everything went to plan, about 8.5 per cent given average con-tingencies and 6.5 per cent if everything that could go wrong

did so.

The barrage, in effect, a mile-long dam across the Mersey, would work by sluices being opened to let in the incoming opened to let in the incoming tide and then closed to force the ebbing tida through turbines set in the barrage to generate electricity.

The amount, 1.200m kilowatt hours, is only 0.5 per cent of annual demand in England and Wales, but it is worth about tim a week and would be given.



THE WAY ACROSS: In a novel approach, two super-tankers would be used as movable cofferdams, being sunk as required and then refloated for mevement to the next place. Diaphragm next place. Disphragm walling would be used to hulld compartments for the

barrage, its turbines and sluices in the sandfill which the supertankers would Stage one shows the super-

tankers — very large crude carriers (VLCCs)—in place for construction of the right-angled corner wall of the

barrage's shipping lock.

They are moved end-on to each other to build the lock's side wall (stage two) and then at right angles to each other again to build the other corner (stage three).

Stage four sees them sunk
parallel to each other a little

over the width of the barrage apart, with a temporary steel bulkhead enclosing the sandfilled area between them. The next compartment of the barrage is then built in the The action then switches to

the opposite bank, the process invoived in stage four process involved in stage four being repeated in stages five, six and seven. The sluices have to be built first so that they can be opened to allow the river to flow by while the central, turbine sections are

Stage 7.

Supertankers have been used before in maritime construction

work. The study group's report to Merseyside County Council, without which, incidentally, the iden of a barrage would never have been investigated seriously, has a photograph of one being management into seriously, has a photograph of one being manoeuvred into place to close a dyke in Korea. But the idea of using two, and in the way envisaged, appears to be new and could well be copied elsewhere. Now a consortium of private-and public-sector interests must be formed before the project can be atarted. Meetings bave taken place to try to form one.

can he atarred, meetings have taken place to try to form one. More studies will be needed to check out environmental factors and a battle is foreseen with conservationists.

But it looks as though it can be done and that tidal power can be harnessed very profit-ably. If so, it would strengthen the case of supporters of such schemes that alternative energy in Britain need not just be concerned with cranky ideas or nuclear power.

Signalling a tough cable

bour or two.

A TOUGH signal and power cabie supplied by Deltn "T" of Potters Bar overcomes the problem of lowering long lengths of cable into oil and gas bore holes where high temperature and pressures have to be accommodated, as well as the suspended weight of the cable. of the cable.

These " down-hole " logging These "down-hole" logging cables can aupport their own weight in lengths up in 30,000ft and are designed for continuous temperature and pressure monitoring in oil, gas, and geo-thermal wells. Limiting figures are up to 1500 degrees F and 15,000 lb/sq in.

With an external shealb of stainless steel, the cable is resistant to brine corresion and can be used where steam is being injected.

Sensing cable is also available in which, for example, a thermocouple for temperature measurement and a high pressure capillary for

Royal Portbury lock at the Port of Bristol. To make diaphragm walling work, a huge island of sand has to be created. Grabs and augers are then used to dig deep trenches in the sand, where take aeven years to build the barrage compared with nearly group is made up of the connine. So payback would be sulting engineers, RendellParkfaster, improving the rate of man and Martinetecb Northwould enable the barrage's foundations to be dug deeply enough. Durlog construction of Royal Seaforth, about a mile downstream from the proposed barrage, a layer of cobbles was to be kept stable in a bostile redund beneath the estuary bed. If the barrage were not set deep cough in the bed, there would probably be seepage underneath it. Diaphragm walling would enable the foundations to cope with this. The other advantage of the barrage's return. Inoperoving the rate of return. In overer, knowing about the technology is one thing: making it work is something else. The return. In overer, knowing about the technology is one thing: making it work is something else. The return. In overer, knowing about the fection logy is one thing: making it work is something else. The return. In overer is an individual and it work is something else. The return. man and Martinetech North-West and members from Sal-ford University and the Uni-versity of Manchester Institute of Science and Technology. They suggest buying two redundant supertankers and using these as movable defences. Each would be about 250,000 dwt and be 300m long by 50m wide and 25m deep.

generate electricity.

The amount, 1.200m kilowatt hours, is only 0.5 per cent of annual demand in England and Wales, but it is worth about film a week and would be virtually free for a century after the barrage has repaid its construction costs in the first 25 years.

Similar technology was used on the Mersey during the contraction and the Parall Seaforth.

To make diaphragm walling work, a huge island of sand bas to be created. Grabs and augers are then used to dig deep trenches in the sand, where concrete will eventually be poured to form the barrage walls. To hold the trenches open until then, they are filled as they are dug with a thixotropic mud almrry.

Similar technology was used on the Mersey during the construction of the Royal Seaforth Dock in the early 1970s. It involves a technique known as the diaphragm walling. Its effectiveness has been proved since, voives a technique known as pensions where viscosity indiappragm walling. Its effect creases with time if the mixture top.
tiveness has been proved since, is left undisturbed. Paint is a
with the construction of the good example. It hardens slowly recent cheaper than traditional reconstruction of the good example. It hardens slowly recent cheaper than traditional reconstruction of the good example. It hardens slowly recent cheaper than traditional reconstruction of the good example. It hardens slowly reconstruction of the good example and the good example and the fourdations to cope with this. Diaphragm wall in good enable the fourdations to cope with this is admitted to each other but to cope with the good example and the good example. It hardens slowly to example and the good exa

If stirred.

Thixotropic mnd, therefore, thickens at it lies in the trenches, keeping them open. When everything is ready, steel reinforcing bars are positioned in the trenches and long, trunklike, "elephant tubing" is pushed down through the mud to the hottom.

Supertanker across the Mersey...

How underpants by robot could lead a revolution

The basic idea is to sink the

Mr Drury says: "The Japanese but one that could cater for are essentially looking at bow changing fashions and styles to advance the technology of and short-order runs. The result was that the two

mercial agreement last July under which Courtaulds and CEC would develop the technology using Pfaff sewing machines. Pfaff would bave the ably 70 per cent of the total on 60 per cent of total cost, and US at the Massachussets Insti-the proportion rarely falls below tute of Technology but this is rig that could sew and partially marketing.

The objective of the project is to spend th enext two years is to spend th enext two years designing the system and then use the third year to turn the system into a prototype. It would probably be at least a further two years before this could be turned into reality in

For Courtaulds the system is a confirmation that it is committed to the production of clothes. For GEC it is evidence that such advances now have to be undertaken co-operatively. Courtaulds may be working experimentally, on underpain but Mr Drury is convince robots could eventually be use for the production of all clothe

pressure measurement are More on 0787 44866.

FOR FOUR weeks Courtaulds Clothing has been experiment-ing at its Coventry research centre with a method of making men's underpants that could lead to a revolutionary change in the way all clothes are produced. The process involves the use of robota and is so technically advanced that the EEC is about to announce backing for the £2.5m project, being undertaken in conjunction with GEC

Electrical Projects and West Germany's sewing machine manufacturer, Pfaff. The use of robots in Industry is notbing new but until now no way had been found of suc-

"It is probably five years before this process could become a commercial proposition.

What we are convincing ourselves now is that robots can handle unslable fabrics as well as stable solids such as pieces of metal."

entirely without an operative other than the person who feeds the fabric panels into the system.

These are very early days, according to Mr Mike Drury, a director of Courtaulds Cloihing.

The importance of the correction of the

be able to control between 15 years. and 20 sewing machines. Labour is a high proportion of the EEC is sufficiently intertibe amount of handling costs because of the care of the amount of handling costs because of the care of

The importance of the Corentry research is that it could allow a bank of unmanned sewing machines to work simultaneously with just one operator. Studies in Japan have suggested one operator might be able to control between 18 studies in Japan have suggested one operator might be able to control between 18 studies in the solution of radical savings.

Courtaulds is not alone in working on robot technology for the elothing industry. The Japanese launched a £40m research project three years ago. This is expected to continue for at least another five Courtaulds approached the

Japanese two years ago to see if it could be associated with the project. It was rebuffed. There is also a project in the

joining pieces of fabrie together. "We did not want to go along that path. We wanted to con-centrate on the sewing machine

by looking at, for lostance, what to do if the needle breaks or the bobbin needs replacement, all the things the operator does.

UK companies and Pfaff, one of the world'a leading sewing manufacturers, signed a com-

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ANTHONY MORETO

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UK NEWS

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Radical reforms planned for taxes on property

BY RICHARD EVANS

RADICAL proposals for the reform of Britain's system of rates (property taxes) were presented by the Government vesterday in an at-tempt to end the political turnoil over local anthority finance. Council revenue is partly raised

by rates and partly by grants from central government.

The key elements in the package, introduced in a Green Paper (consultative document) by Mr Kenneth Baker, Environment Secretary, are the gradual replacement of domes-tic rates by a community charge or poll tax and the introduction of a national business rate.

Neither will start to be introduced in England and Wales before 1990, however, and there remains a question mark over the Govern- and gradually increasing the tax to ment's commitment because of the 1200 or 1250 by the turn of the

White Paper (policy statement) con-taining the Government's final ver-sion in a year's time. This will then over half of households would be become a commitment in the Con-better off under a community servative Party's next election charge. The main beneficiaries programme. would be households with a single

1990 and to replace them by a flat-adults. rate community charge, starting at a low level of around £50 an adult abolished from April 1990 and re-

RATE REFORM PROPOSALS The phased introduction of a community charge, or poll tax, from 1990, linked with the freez-

ing of domestic rate bills.

Transition period of 10 years in England and Wales before domestic rates are phased out

Revaluation of all non-domestic rates by April 1999. Non-domestic raies to be set tributed to local authorities on a per capita basis.
Simplification of central gov-

ernment grants system.

adverse impact the proposals would century.

have on a wide range of business and domestic ratepayers.

After several months of consultations, Mr Baker intends to publish a White Paner (policy statement) con-

The most controversial proposal adult while the main losers would is to freeze domestic rate bills in be households with two or more

placed by a uniform national rate levied on all commercial and industrial property. The proceeds would be pooled and redistributed to all local authorities on a per capita basis. The intention would be to ensure

that the non-domestic rate provided the same proportion of cash for local authorities. Future increases in the poundage would be linked to the level of inflation to ensure that husiness rates continued to meet a fair share of local spending.

Mr Baker told the House of Commons that his proposals were an at-tempt to find a way of paying for local government which would nar-row the existing gap between those who voted, and those who paid, for

The business rate and simplified grant arrangements would produce the clearest possible relationship changes in spending and changes in tax bills, he claimed.

His statement was broadly we comed by Conservative MPs, but Dr Jack Cunningham, Labour's envir-onment spokesman, called the Green Paper "a vain attempt to re-deem the Prime Minister's repeated pledge to abolish domestic rates, He claimed the proposed uniform business rate would lead to a cen-

tralisation of power which would undermine local democracy and ac-

Thatcher refuses to cut oil production

BY DOMINIC LAWSON

Countries (Opec) to stabilise the oil price, Mrs Margaret Thatcher, the Prime Minister, and Sir Peter Wal-

leum, made clear yesterday. Last week Sheikh Ahmed Zaki Yamani, the Saudi Arabian Oli Minister, said that, unless non-Opec producers, particularly the UK, helped Opec in this way, the oil price would collapse below \$15 a

Mrs Thatcher told MPs yesterday that the Government would not intervene in the oil companies' rights of full production from their North Sea fields. "The UK maintains the freest oil province in the world," the Prime Minister said.

Sir Peter Walters argued that rapid production cutbacks by the Opec countries were necessary to stabilise the oil price and that it was "impossible to envisage a group of non-Opec countries organising proportionate production cuts in time."

would take part in such a plan.

ers, the US and the Soviet Union. Kerr-McGee. Pict Petroleum and But for differing reasons neither

The oil market was as uncertain Financial Times.

THE UK will not cut its oil produc-tion as a means of helping the Or-ganisation of Petroleum Exporting Peter. He Said: We are outside the parameters of normal supply and demand." However, he believed Prime Minister, and Sir Peter Wal-ters, chairman of British Petro-duction from the current level of over 18m b/d and that oil prices

would strengthen in the spring. The recent fall in oil prices below \$20 a bacrel has not yet had an adverse impact on North Sea exploration and development. Yesterday Mr Alick Buchanan-Smith, the UK Energy Minister, gave the go-ahead for a plan to develop two North Sea oilfields, Ivanhoe and Rob Roy.

They are the first North Sea oilfields to be operated by Amerada Hess, of the US, which last year acquired Monsanto's 38.3 per cent interest in the fields for about \$120m. The development will involve the placing of contracts worth about \$375m.

Oil was discovered on Ivanhoe in 1975 and on Rob Roy in 1984. Total recoverable reserves are about 85m barrels, with an economic field life Sir Peter argued that no such for both of about 10 years. Oil is ex-worldwide production sharing pected to start flowing in 1988, agreement was possible without the assent of the world's largest produc-The other licensees are Deminez. Whitehall Petroleum, a subsidiary of Pearson, the parent group of the

Commercial Court reform proposed

A RADICAL simplification and acceleration of Commercial Court world oil prices, writes Mauric cation yesterday of a report by a the Tyneside, north-east England.

February 25. Most of the proposed on Belfast Lough, enabling them to changes can be carried out within burn solid fuel as well as oil, for the present rules.

day by Sir John Donaldson, Master of the Rolls (president of the civil division of the Court of Appeal) deputising for Lord Lane, Lord Chief Justice. Lard Lane has operational control over the Commercial Court, but appeals from it go to the civil division of the Court of Appeal.

The recommendations are supported by both Lord Lane and Sir John, whose influence was probably decisive in allowing the proposals to emerge. In some respects they go further than the simplification of procedure he introduced in the Court of Appeal.

the Court of Appeal.

Because the court's workload has grown, the waiting time for trial threatens to extend beyond 18

The proposed changes would require parties to sulmin a list of issues, legal propositions, a chronology of relevant events, a description force at the yard.

The changes would also cover the preparation of evidence and the exchange of information between parties. The procedure aims to avoid the

lengthy introductory speeches of lawyers, often lasting weeks, and instead to adopt the US practice of a brief statement of agreed facts.

The reading of authorities and deguments in country authorities and deguments in country authorities. documents in court would be cut out, and judges would hand down written reserved judgments instead

of reading them.

Power plant's £100m refit to go ahead

A £100m project to convert a large oil-fired power station in Northern Ireland to solid fuel is to go shead in spite of the recent steep slide in

Northern Engineering Industries, working party.

The report is expected to be approved at a general meeting of the Commercial Court Committee on boilers at the Kilroot power station.

which they were designed. The report was unveiled yester— day by Sir John Donaldson, Master ernment approval at the end of last

II HALL BUSSELL shippard ma-naging director Mr Gordon Hilton, has said he will lead a group seek-ing to buy the Aberdeen, Scotland, yard from British Shipbuilders. Mr

of people who feature in the dispute and a menu giving the sequence of topics to be dealt with. their seats after last week's by elec-tions have decided not to boycott Parliament as they had earlier planned, but to keep their position

> company that has taken over the former Edgley Aircraft, builder of the "bug eye" Optica light observation aircraft, is recruiting staff. The company was rescued in December after going into receivership late last year when its financial backers withdrew support.

isn't

rom the first day of April l'initial capital allowances are being reduced from 50% to 25%.

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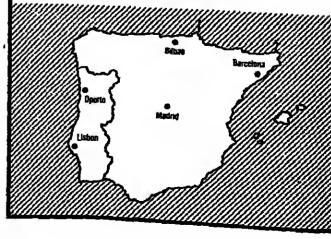
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Bugs that breach

the barriers of

business secrecy

room of Davenports, the Birmingham, Midlands, brewer, provided startling evidence of a growing threat to business confidentiality.

Davenports is fighting off a £31m takeover bid from its Midlands rimincreasing number of clients commissions a supervisor as supervisor

Davenports defence strategy.

Wolverhampton has denied involvement in the planting of the placing seals at vulnerable points

was keeping an open mind on who could have placed the £100 device, automatic data transmission has but "we have a couple of lines we made business communications

business world. Mr Cully, chief se-curity officer with Thorn EMI, the electronics and leisure group, be-fore he joined Davenports last makes a range of portable radio re-duction of the point of the

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UK NEWS

Union launches unique benefits package

vantageous rates on services rang- tional methods. ing from unit trusts to vehicle

prove controversial within the trade being promoted by the electricisms, likely to see it as a further attempt by the electricians to expand their benefits membership base, in line with the EETPUs range of strike-free deals eral secretary, said. We are breakand its alleged activities within ing entirely new ground for the
News International's new printing
plant at Wapping, east London.

The Perfect of the printing of the perfect of the printing of the perfect of the printing of the perfect of the per The EETPU is one of the most in- change."

cians' union yesterday launched a to members may reflect an increasunique, comprehensive package of ing emphasis by trade unions on financial benefits for the union's providing gains and benefits to 350,000 members which provide ad-union members through non-tradi-

British unions have for long ofbreakdown and recovery.

The EETPU's package is likely to ship services, including some now ship services, including some now union movement. Some unions are but no union has previously drawn them together into a full package of Mr Eric Hammond, EETPU gen-

and the union's high technology training for members, the services now being offered by the EETPU

 House purchase Introductions to the Halifax Building Society, with some fixed-price legal conveyanc-ing. A discount of 20 per cent on Cornhill house insurance schemes. ● Car recovery. Special price mem-bership of Octagon, a leading breakdown service.

 Life insurance. The union has set of units with M&G. Britain's largest infighting."

In Savings. Preferential rates with the Bradford and Bingley Building all operations controller in London, said: "It will be an encouragement to union members to approach."

Provident Mutual providing for buy-outs when leaving occupational pension schemes.

 Share advice. Formal arrangements with Foster Braithwaite, the London stockbrokers, and a Leeds insurance broker.

Mr Bob Clarke, managing direc-tor of Octagon Recovery, said: This is a good move. They appear to be doing something for their members. as opposed to engaging in political infighting."

to union members to approach building societies if they have previ-

THE DISCOVERY last Friday of an electronic eavesdropping bug taped under a table in the board-

val, the Wolverhampton & Dudley Brewery, so anyone listening in to

boardroom conversations could

bug. Mr John Cully, chief security manager at Davenports, said he

Bugging is still rare in the British

further devices were found.

for burglars.*

times on, the premises.

only a limited life.

a device for as

ne in the bugged room.

professional people such as lawyers

are becoming concerned at the

death grants and other benefits, Pensions. A new policy with and the union's high-fethnology Provident Muthal providing for Mr Michael Savory, a partner with Foster Braithwaite, said of the package: "It is both forward-looking and responding to its membership's needs." Mr Christopher Reading, controller of individual pensions with Provident Mutual, said: "It's a logical step for a union to recom-

mend a package like this to their

In negotiating the deal, the EET-PU was able to use as a bargaiolog counter not just the size of its mem-bership but the fact that its compu-ter-based membership records will allow the companies involved to reach easily a substantial and welldefined group with considerable expansion potential.

Charles Batchelor looks at

the growing use of bugging

mission a sweep every three to four

such as telephone junction boxes. The growing volume of business transacted by telephone, telex and

It has also created a demand for

easier to intercept.

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those which transmit a radio signal and those which are wired to a receiver concealed near, or somemanaging director. "Companies are used to shredding documents to Radio transmitters are easy to inprotect the written word. They now stall, provided the eavesdropper has access to the building, but realise the oeed to protect the spoken word. Some of the bugs around usually depend on a battery with may be cheap and cheerful, but

they can do damage." However, there are devices on the market which can either plug into an electric socket or feed off a velopment is a small company, based in Surrey, outside London, telephone or telex power supply. Wire transmitters are more difficult which makes more sophisticated receivers for a broader range of applito install because the wire must be cations. It makes equipment which concealed, but they provide a better-qualityrecording. The receiv-er is typically placed in a neigh-bouring building or in a car parked in a nearby street. It could take the can detect small changes in the voltage of a telephone line, often a sign that a bug is tapping power from But according to some security form of a tape recorder hidden in a

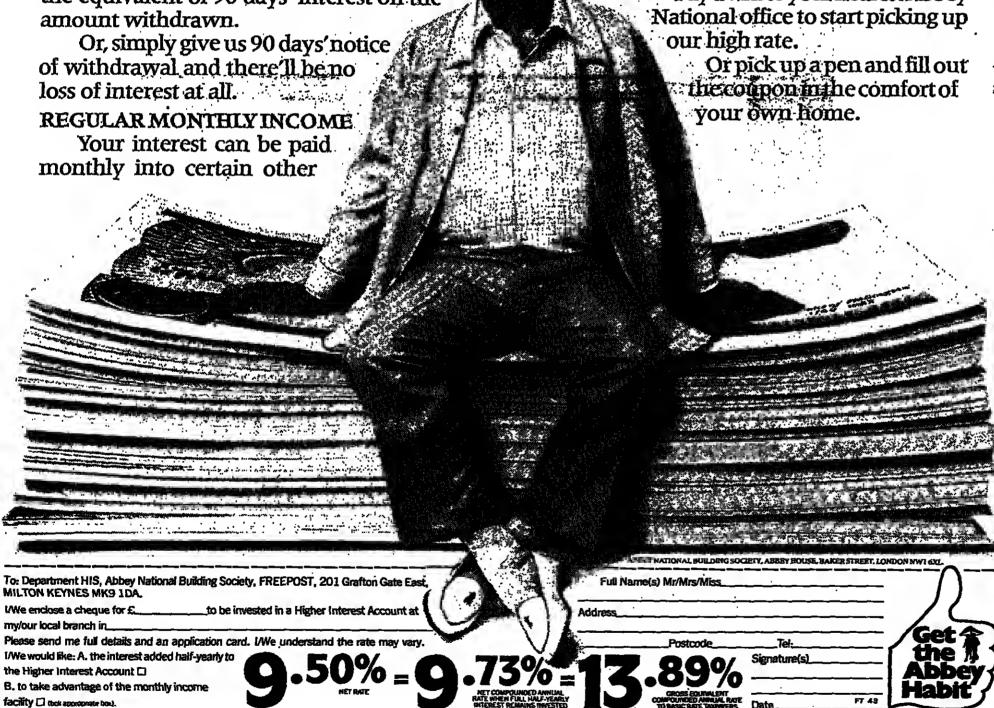
experts the main threat to commer room or on the roof of the building cial secrets comes not from elecand triggered by a voice-activated tronic devices but from the failure of the City of London and industry The theft of commercial informato take even basic precautions. Many companies assume they

tion is not in itself unlawful, though a crime might be committed if of-fices were broken into to plant a can count on the loyalty of their staff, ignoring the fact that maintebug. The use of an unlicensed radio nance personnel come in to their transmitter would contravene the Wireless Telegraphy Act, though the penalties are relatively minor. The manufacture and sale of bugs

The rapid turnover not just of junior staff but also of more senior executives has also eroded compa-A growing number of industrial ny loyalty. People leaving a compa-and financial companies, banks and my to join a rival or to set up their sweeps of their premises to detect

Seniority in an organisation is no guarantee of loyalty. The partner of any bugs.

Mr Ken Lodge, managing director of Security Investigation and the control of Security Investigation Investigation Investigation Investigation Investigation Investigation Investigation Inv Protection Services, estimates that was only traced through the firm's one in 10 of the sweeps carried out telephone system, which recorded by his company uncovers a bug, an unusual number of calls being usually a fairly simple device. An made on his line late in the evening



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Philip Stephens, Economics Correspondent, analyses the latest CBI survey on industrial trends

Manufacturers report decline in orders

SLOWER GROWTH in output and sharpest drop came after the sur-the first decline in orders since 1983 vey had closed. are reported by Britain's manufacturing companies in the latest quarterly industrial trends survey conicted by the Confederation of Brit-

The survey shows a slight pick-up in business confidence since compa-nies were last questioned in October, but the trends in output, orders and employment have all worsened. That in turn is reflected in a fall

in the level of capacity utilisation, with the number of respondents re-porting that they are operating be-low capacity rising to above 50 per cent. This survey confirms the deceleration in the growth of the economy," the CBI says.

Cost pressures on manufacturing companies, which in October were the weakest for 18 years, have subsequently picked up slightly, but the rate of increase is still relatively low. Price increases over the past four months were at their lowest since 1982 although over coming months they are expected to rise

The CBI says that a majority of the 1,541 respondents to its ques-tionnaires replied after the 1-point rise in base lending rates on January 8, a factor which may have dent-

aware of part of sterling's recent down from 10 per cent in October fall against the D-Mark and other and the lowest figure since January European currencies although the 1983.

Replying to the question on busi-ness confidence, 68 per cent of com-panies said that their level of optimism was the same as in October, 16 per cent reported an increase and 17 per cent reported a decrease

The CBI says that the resulting percentage balance (the proportion of companies reporting a rise less those reporting a fall) of minus 1 per cent suggests that companies expect little change in the economic outlook. The balance in October was minus 6 per cent.

Small companies, with fewer than 200 employees, are shown in the survey to have done relatively better than their larger rivals in a number of areas. They expect better levels of orders, output and employment than bigger companies.
Of industry sectors covered, companies in the food, drink and tobac-

while those in electrical and instrument engineering are particularly Output and orders: Companies are still reporting higher output, but the pace of growth appears to he slowing. A balance of 6 per cent

co sector are the most optimistic.

of companies said their production Companies would have been had risen over the last four months,

affected, with the metal manufacture and electrical and instrument engineering sectors both showing negative balances.

The expected trend in output has also slowed, with the balance of (the total is more than 100 per cent companies expecting to produce because of rounding). falling to 4 per cent. That follows 11 consecutive surveys when the bal-ance has been over 10 per cent.

The most optimistic sector is the paper, publishing and printing industry, which shows a balance of 32 per cent expecting higher output.
For the first time since January 1983 the balance of companies reporting higher orders over the last four months is negative (minus 2 per cent), but some increase is expected over the next four months. The balance of 9 per cent anticipating an improvement in orders, how-ever, is the lowest for three years. The proportion of companies with

risen to 65 per cent. Capacity and Constraints to Output: Below-capacity working is reported by 54 per cent of companies. This is back to the levels of early last year after two surveys in which a majority of companies had report-

accounted for by order books has

ed working at capacity.
In the textile sector only 27 per cent of companies are reported to be working below capacity, but the

The largest companies and the electronic industrial goods sector for additional capital spending are over the next four months, up from capital goods sector were the worst shows 86 per cent with spare dominated by increased efficiency. the 17 per cent figure recorded in

reported by 83 per cent of compaes compared with 79 per cent in October. The latest response is the highest since 1983 and has affected the largest companies more than

Skilled labour shortages have decreased and are reported by only 10 tamper cent of companies after two surtainty about demand which was veys in which 15 per cent was reached. In the food, drink and tobacco, the chemicals and the metal anufacture sectors only 1 per cent of companies said they faced short-ages. In contrast, 25 per cent of tex-of companies reporting extra jobs. producers reported problems The CBI says that this represents

finding skilled workers.
Stocks and investment: Stocks of raw materials held by manufacture number of jobs in small companies ers have fallen since October, and a being more than offset by losses in balance of minus 13 per cent expect a further reduction over the next

The recent behaviour of stocks may indicate a change in underly-ing economic trends, and there seems every prospect that they will continue to fall, the CRI says.

ment, with a balance of only 2 per cent of companies anticipating in-creased expenditure on plant and ment over the next year. The reasons quoted by companies panies expect to put up their prices

The 78 per cent citing that as the The main constraint on output re- key factor is close to the highest mains a shortage of orders or sales, ever figure of 79 per cent reported in April 1985. Some 23 per cent of companies said that expansion of capacity was the principal reason for increased outlays, the same

number as in October but below the level in the previous two surveys. The most important factor limcompanies are pessimistic about the outlook for employment growth with a balance of minus 16 per cent

the most negative response since January 1984, with increases in the larger companies.

The expectation is for a further

drop in employment over the next four months, and the CBI estimates that about 5,000 jobs a month will be lost in the first four months of

Costs and prices: A faster rate of The survey also indicates a slow- cost increases is expected over the ing in the pace of business invest- next four months after the exceptionally small rises of the past few months, but the CBI says that infla-tionary pressures are still subdued. A balance of 25 per cent of com-

the 17 per cent figure recorded is October, an increase which the CBI believes may reflect annual price

reviews in many companies. The largest companies expect the lowest price increases, with a balance of only 9 per cent expecting to raise their prices. Among different sectors electrical and instrument engineering companies actually expect to lower prices while the highest increases are anticipated by me-

Exports: The latest survey shows that export optimism has been static since October with companies equally divided between those re-porting an improved and those re-porting a deteriorating outlook. A balance of minus 8 per cent of companies reported lower export orders over the past few months. the first negative result since Octo-ber 1983 and showing a persistent

decline since the peak of plus 30 per cent in April of last year. A balance of some 7 per cent, however, expect an improvement in the order books over coming months. The CBI says that figure could be boosted further if sterling's

recent weakness persists. CBI Quarterly Industrial Trends Survey, January 1986. Annual sub-scription C100 to members, C160 m non-members, from CBI Economic Trends Department, Centre Point, New Oxford Street, London WCIA 1DU.

BY IAN HAMILTON FAZEY

meeting of private and public-sector interests in Liverpool. Initial needs are for £500,000 to amplete feasibility studies. Private-sector representatives indicat-

ed that they would put up half if that was matched by the public The barrage - in effect, a dam across the Mersey, costing up to £444m - would work through shuces being opened to let in the

flowing tide and then closed to force the tide through power-generating turbines when it ehbed. New studies have shown that it should pay. Mr Alan Osborne of Tarmac said yesterday: The private sector sees this as a viable project which could sell electricity at a reasonable profit. The private sector is backing this

ment company is that the main sponsoring agency for work on the a leading exponent of new, in situ barrage, Merseyside County Coun-construction techniques, the likely cil, is due for abolition at the end of use of which has transformed the

March.

The company would take up initial projections of students where the council left off, raising five years ago.

Technology, Page 8

generate electricity

Tidal dam planned

across Mersey to

A COMPANY is to be formed in the next two months to develop an electricity-generating Mersey barrage. This was agreed yesterday at a Board and the Mersey Docks and Markets Company. Central Electricity Generating Board and the Mersey Docks and Harbour Company. The Government's means of channelling money into the project would probably be through the Merseyside Development Corpora-tion, which has responsibility for regenerating redundant dockland.

The barrage, which would also turn the Mersey basin into a stable lake of present half-tide depth, would help this process immensely. Government urban policy in de ressed places like Merseyside has

been to match private-sector investment pound for pound. The work that needs to be com-pleted is on how the barrage would affect silting in the Mersey estuary and also its impact on the environ-ment. The Mersey basin is an important wintering ground for many

European species of birds. The reason for the two-month Tarmac and Costain expect to deadline for setting up the develop- lead the construction industry's in-Tarmac and Costain expect to volvement in the project. Tarmac is profitability of the project from the initial projections of studies made

Trade surplus rises to £3.5bn for year

BY GEORGE GRAHAM

BRITAIN'S trade balance moved into surplus in December as non-oil exports improved. But, for the whole of 1965, visible trade showed

The Department of Trade and Industry (DTI) said yesterday that the current account of the UK balance of payments - which includes earnings from invisible transactions soch as overseas investments as well as visible trade - was £3.5bn in surplus for 1985.

This was well ahead of the Gov-eroment's projection of £3bn, after of finished manufactures. Oil ima surplus of £891m in December. The current account surplus in large as in the previous year while

plus in oil trade grew from £7.1bn to

In December there was a surplus on visible trade of £125m, compared with a deficit of £132m in November. The surplus on oil fell by £22m to £852m while the deficit on non-oil trade narrowed to £528m.

Exports of manufactures had increased in value by £195m in December, with about half of the rise coming from higher deliveries of capital goods, the DTI said. Oil ex-

ports fell by £48m. Total imports were £139m lower last month than in November, re-

ports fell by £26m. Between 1984 and 1985 UK ex-1985 was more than three times as ports are estimated to have increased in volume by 6 per cent, the deficit on visible trade was half outpacing the growth in imports of 4 per cent. Exports of manufactured The UK deficit in non-oil trade goods increased in volume by 8.5 fell to £10.3bn in 1965 from £11.2bn per cent while imports of manufac-

Over 1965 as a whole, the terms £8.2bn. The belance of invisible of trade index rose by 5 per cent. trade was estimated to be in surplus by £5.6bn, compared with unchanged while the import value £5.2bn the previous year. index fell by 5 per cent.

TSB Scotland pays £9m for estate agency

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Bank's continuing acquisition of estate agencies under the Black "shops," a discount package for Horse banner, means that TSB property-related goods and a Scotland becomes the first bank in Scotland to provide an in-house estate agency for its customers.

it will continue to trade under its

TSB SCOTLAND is paying £9m to and Mr Tony Davidson, general acquire Slater Hogg and Howison, one of Scotland's largest residential Slater Hogg has 19 outlets estate agencies.

The deal, which mirrors Lloyds has developed a range of marketing

branches. Under the agreement, Slater
Hogg will become a wholly owned
TSB Scotland subsidiary although
used to increase the range of finan-Mr Davidson said that the Slater cial services available to customers own name. The three principals of the business, Mr Ian Hogg, Mr Geoffrey Howison and Mr George Storrie, will join the new board of the company, along with Mr Ian Macdonald, chief general manager,

Investigation urged

THE WORLD VALUE

and the control of th

THE DEPOSITORS Association, which last year brought the legal its planned flotation on the London case which halted the Trustee Savings Bank flotation plans, yester-day announced new measures ainst the management of the

Mr Jim Ross, a retired Under-Secretary at the Scottish Office who has led the depositors action, said his group would apply to the Registrar of Friendly Societies seeking a possible investigation of the TSB because it had allegedly deceived the depositors and the ublic about the issue of its owner-

The Scottish Court of Session in the depositors, ruled against the bank last November and said that the TSR belowed to the depositors and said that the TSB belonged to its depositors.

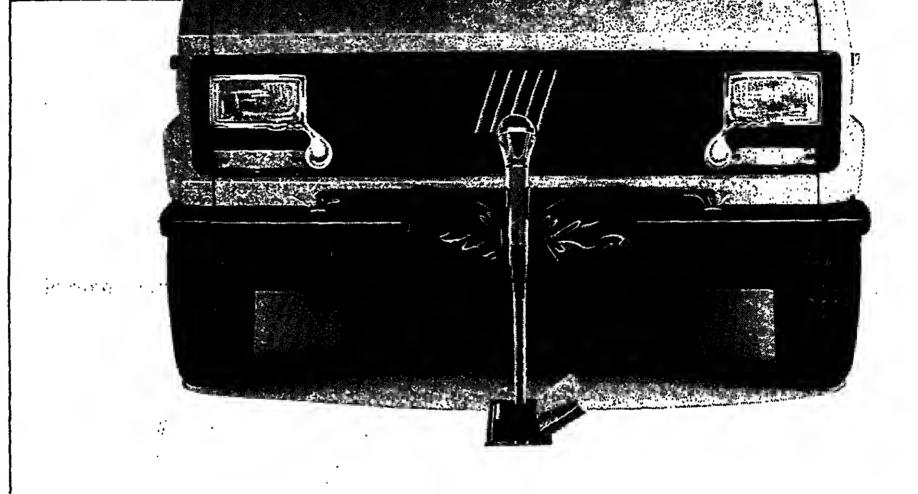
Stock Exchange which would have given ownership of the TSB to shareholders.

Mr Ross added that his group al had failed to meet the expectations of the depositors and because the bank had wasted money in prepar

The Registrar of Friendly Socie

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IN THE FT EVERY FRIDAY



In accepting this award, I'd like to thank my designer for giving me the capacity without which I know I wouldn't have won the vote. And all those lovely engineers for arranging those invaluable options. And I mustn't forget my producer for encouraging me to act in so many roles. And, quite sincerely, I do believe that professionals like me should do all we can to work to a budget, so I appreciate the financial director's constant support. And last, but not least, all you darling people whose applause has made it all worthwhile. I love you all.



UK NEWS

Welsh agency learns lesson of Parrot affair

described as Britain's first fully in-tegrated floppy disk manufacturing facility — Parrot Corporation's 65,000 sq ft plant to make flexible computer disks at Llantarm industrial park, Cwmbran, Gwent,

Six months on, Parrot's affairs have been the subject of a police fraud investigation and a political dispute which has had important repercussions for the investment policies of the Welsh Development

Agency (WDA).

The project was born 18 months earlier out of an exceptionally big £7m venture capital package and was hailed as the largest venture capital start-up in Western Europe. The lead investor was the WDA The lead investor was the WDA with an equity stake of £1m, followed by Legal and General and CIN. Industrial Investments (£700,000 each) and Commercial Union Insurance (£300,000). The City of London financial institutions were pulled into the deal by the Development Capital Group.

The founding directors of Parrot,

nostly from the US, had a £300,000 ees of Wabush, a US floppy disk manufacturer. Now they wanted to go into business on their own acpointed business of the busin stake. Three were former employagreed a tax-reducing arrangement saw them and insisted he was being whereby their salaries would be paid into a US-based corporation as iees for consultancy services to Par-A £2.5m loan from the European

Coal and Steel Community (ECSC), plus other regional aid grants, and the WDA's provision of the environmentally controlled factory worth from Parrot. This was arranged by £2.5m on lease, meant the whole Mr Peters, and at least some of the project was worth around £10m.

put a final seal of approval on the were kept hidden from their board harnessing of US technological representatives. knowhow and management, and a partnership between UK public and private-sector finance. It had already created 90 jobs for Wales and promised a total of 300 eventually.

the Duke around the new facility, be used towards buying plant and Mr Frank Peters, 37, Parrot's foodon-a-year managing director the true position emerged only and leading private shareholder, when the company ran out of cush found himself in a cell in a London around the time of the official

The Chicago-trained lawyer and former president of Wabush went to tained that he did nothing wrong in the station voluntarily, after receiving a message that the police want that the loan could be drawn on as ed to see him. At 4am officers entered the cell, handcuffed Mr Peters, bundled him

into the back of a car and then mph," he alleged later, to Gwent po had no assets to use as collateral lice headquarters in Cwmbran. Only later that morning was he cash. allowed to contact his solicitor. At

cer before being told he was free to and Harlech Television for defamago - 24 hours after being first detion arising from subsequent comtained. He described it as a "stun-ments following the television interning experience."

Three other people were taken in some £2.5m. to help the police with their inquibeen served. ries. One was Mr Neil Taylor, a member of the WDA's investment House of Commons of the main con-

Within days of Mr Peters' detention and release – the police say they were acting on a tip-off by the Welsh Office – news broke that a police fraud investigation was under way into Parrot's affairs and that the company was in financial difficulties and needed an additional difficulties and needed an additional fraudiction of the provisions of the WDA act and its investment guidelines, be said. On the arrangement with Northern Trust Mr Baker had found the transaction "most unusual from a commercial viewpoint but it could not have reasonably been anticipated."

tants Touche Ross, to carry out an internal inquiry into the WDA's handling of the Parrot investment.

agreed to this condition as they also plained bitterly of the City of Lonprovided additional capital. Mr Pe-don's ignorance and indifference in provided additional capital. Mr Peters was replaced by Mr Edward meeting the financial needs of Britaneske, previously director of manain's traditional industrial regions. ufacturing and one of the two other Wabush employees whn had joined Mr Peters at Parrot.

who continues as marketing and per project



Mr Frank Peters, Parrot's forme

sales director. Parrot is now trying to build up production and sales.

Before his sacking, and subsequent return to the US, Mr Peters

Specifically at issue is the ECSC soft loan of £2.5m, which was secured by the London branch of the US-based Northern Trust Investment Bank but, crucially, in exchange for a cash deposit of £2.5m The royal opening appeared to that details of the arrangement

But behind the scenes alarm bells the cash was locked up in Northern were ringing. Within two months Trust for eight years as collateral the man who had proudly shown for the ECSC loan, which can only

> the company built up assets and that institutional shareholders should have known better than any American the terms of an ECSC oan. As a start-up company, Parrot against the ECSC loan other than

Now in America, Mr Peters has 6pm he was questioned about Par-rors finances by another police offi-tone, the WDA's managing director, and Harlech Televisian for defendaview, and also to sue Parrot for some £2.5m. But writs have not yet

The Welsh Secretary has told the staff during the period when the Parrot deal was being stitched together. He later left the agency and worked for Parrot as an independent financial consultant.

House of Commons of the main conclusions of Mr Baker's inquiry. He had found that the WDA's handling and monitoring of its investment was "deficient" in some respects. Within days of Mr Peters' deten-However, its commitment of public

difficulties and needed an additional capital injection.

The company was in manufacture of the company wa al capital injection.

Welsh Opposition MPs, led by Mr

be had no reason to dispute that

Leo Abse, demanded an explanation.

Mr Nicholas Edwards, Weish Secretary, invited Mr Douglas Baker,
chairman of the chartered accounts. the report contained commercially confidential material, he told MPs

The WDA will in future employ cutside consultants in appropriate investment cases and will want to In early November Mr Peters investment cases and will want to know how loans are secured. But it is already clear that the damage to the institutional shareholders. His

the institutional shareholders. His removal was made a condition of further.

Attracting venture capital for projects outside the prosperous southeast of England is never easy. Wales, unlike Scotland, does not have its own financial community.

The other institutional impactors reached its £1m ceiling.

The other institutional investors and Mr Edwards himself has com-

Because of the Parrot experience the WDA is adopting more caution. Future direct investment is to be ra-The other was Mr James Robson, tioned to a maximum of £500,000

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WORLD CHEMICAL INDUSTRY

West German drugs group recovers its own name. John Wicks reports

Rebirth for Bayer in US market

BAYER. the West German chemicals plastics, dyes and operation. not least because it tant for Miles, which since forms part of an internationally transferring its Bayet animal proup, has regained its name in nor other subsidiaries will profitable division. America after 65 years. Sterling Drug, bad bought rights to the Bayer trademark as enemy-alien property in the wake of World War I. Last week it sold them back again for \$25m— retaining only the Bayer Cross symbol and use of the name for

Recovery of the brand is seen in Leverkusen, near Cologne, where Bayer has its world headquarters, as an "important atep towards documenting Bayer's presence on the world's biggest domestic market." The US had remained the big exception when the company regained its worldwide trade-mark rights in 1970, so its current position among the top six or seven American producers has been anything hut

One of the first consequences will be the renaming of the US holding company Rhinechem Corporation, soon to become Bayer USA Inc. This has more than just symantic significance, since it will be accompanied by an upgrading of the company from a Deta-ware "address" to an active management parent with a physical presence in Pittsburgh.

According to Dr Kourad Weis, who as head of both Rhinechem and its biggest single subsidiary — the Pitts-burgh-based Mobay Chemical reports to Bayer on overall US reports to Bayer on overall US business, the move is inleoded to "cut costs and optimise corporate infra-structure." While operating responsibility with remain with the individual operating companies, the recamped Rhinechem will be given a "neutral" management staff of anything between 40 staff of anything between 40 and 100 to provide a wide range

In order to play its intended steering and co-ordinating role, the new Bayer USA will take over the American Agia-Gevaert company and Compugraphic, the typesetting equipment specialist Both are suit specialist. Both are suit specialist and specialist controlled in a commend that "North America had consolidated its position as asset region second only to Western Europe."

Dr Wels helieves that US operations will grow slightly faster than gross national materials. ment specialist. Both are cur-rently subsidiaries of Agfa, a Bayer affillate. Apart from Mobay, Rhinechem - itself owned by Bayer International and special Agia-Gevaert lines. Finance, of Curação—today For most industrial products holds Miles Laboratories and the Memphis based agro-should be about equal to GNP, chemicals concern Helena while textile destuffs and dye Chemical.

assume the Bayer corporate name: iodeed the deal with Sterling Drug specifically rules out use of the name for Miles's pharmaceuticals and consumer

Bayer companies in the USA are expected to show they at least maintained their 1984 net profit level last year. Initial indications are that carnings were considerably better at Mohay, but lower at Miles. Although overall lurnover does not seem to have risen much and dellar terms on conserving. in dollar terms on conversion. US sales accounted for around

Nevertheless. Dr Weis is Accernagess. Dr Weis is pleased there is no major bulk product element in American operations. Speaking of Mobay, he attributes last year's good results partly 10 the fact that "we've got fewer commodities than we though; we had."

He admits that in earlier years the compagy had tried hard to build up its position in organic

build up its position in organic and inorganic chemicals—and goes on to add: "Thank God we missed the boat."

Last year Bayer spent around \$150m on US capital invest-ments; heavy spending require-

Dr Konrad Weis, head of Rhinechem and Mobay which are soon to become Bayer USA, believes that US operations will grow slightly faster than gross national product. Growth will be fastest for products like



25 per cent of Bayer's world total in the first three-quarters of 1985. In November, an interim report from Leverkusen confirmed that "North America

pharmaceuticals and

plastics, he says

operations will grow slightly faster than gross national product. Growth will be fastest, be says, for products like pharmaceuticals, engineering plastics, polyurethane plastics, and products like pharmaceuticals. and agro-chemicals, progress should be about equal to GNP. hemical, chemicals are among items
Since it has been freed for which will develop more slowly.

ments being one reason for the squeeze on Miles profits. This year the sum is to be substantially higher. However, only a small fraction of this will be in new production capacitythough Mobay does have "con-crete plans" for a \$30-50m engineering plastics unit—and the rest will go to environmental and safety projects, process and quality improvements, re-moving bortlenecks and particularly to research and develop-ment. Neither large acquisitions nor large disposals are likely, though on the acquisition side Bayer says it would look favour-ably on possible small to medium-sized "rounding-off" purchases in about the \$50m price bracket. For Miles, a posslbility might be the purchase of a successful diagnostic line.

chemical division, is devoted to human health care.

Despite its location in the small US town of Elkhart. Indiana, and its production of Alka-Seltzer, a successful American panacea, Miles has always been more interalways been more inter-nationally minded than its compairiot companies within Bayer USA. When the German group took it over in 1978, one-third of its business was outside the

present, though, emphasis is on building within the US. By far the most importhe US. By far the most impor-lant decision here was that laken last year to spend an initial \$35m on a major re-search centre at West Haven. the Connecticut headquarters of the pharmaceutical products division. Dr Klaus Risse, Miles's chairman, explains this move with the company's realisation that prescription pharmaceuticals offer great opportunities for us to become bigger than we already are in the US." In due course, he says, the centre — due to open next year — could expand its staff ten-fold

As well as housing facilities for pre-clinical pharmacology and arthritis/rheumatism research, it will incorporate the existing Molecular Diagnostics and Motecular Therapeutics affiliates which, like research teams in Elkhart and at the Cutter division in California of gene technology. Cutter, now strongly specialised in the plasma and blood sector and free of its former intravenou nutrition activities, is now over its problems, says Dr Risse, even though dollar sales seem to bave dropped last year.

Among growth sectors that look particularly promising to Miles are those of heart and circulatory disease therapy, new plasma products such as Cutter's genetically engineered Factor industrial enzymes (including biolechnologically - produced cheese rennet) and the rapidlyexpanding programme of Ames self-diagnosis / self-medication systems.

Even Alka-Seltzer is not slanding still. Late last year, a flavoured version American market, with added lemon and hime as a "bettersince it has been freed for products for industrial processing, the trade-mark will be of most benefit to Mobay as a producer of chemicals, agro
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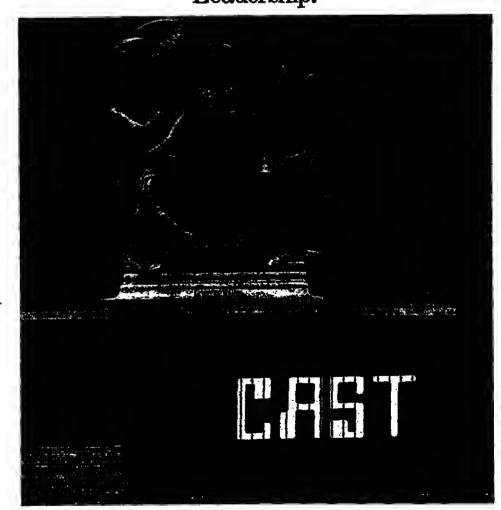
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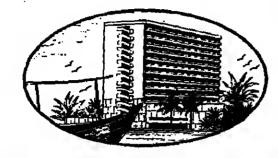
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BRSO The attraction is magnetic Bertal Economic Development Office.

Foreign funds flourish in Japan investment trusts reached 3 per cent—a sharp contrast the US.

Y557bn (\$2.7bn) at the end of with the foreign trust funds
November last year, up 65 per currently marketed in Japan overseas markets permitted for

FOREIGN-TRUST funds, invest-rassed Japanese investment capital exporter, most Japanese iog in equities and bonds trust management companies, fund managers are still conabroad, are being increasingly which performed modestly last servative in diversifying their servative in diversifying their portfolios into high-yielding overseas equities. Overseas investment trust assets accounted for only 7 per cent of

November last year, up 65 per cent from their level at the end of December 1984. November sales alone moved up Y33bn

from the previous month.

The high return provided by foreign trust funds has whetted the appetite of many individual investors, despite the yen's steep appreciation against the dollar and a Ministry of Finance securities to make prospective buyers fully aware of foreign exchange risks.

The size of the foreign trust

funds was, none the less, easily funds was well below the Nikkei outdistanced by the overall net index, reflecting the lacklustre asset value of domestic iovest-performance of high-technology asset value of domestic iovest-ment trusts which topped the stocks, in which the domestic Y20,000bn mark for the first trust funds are still heavily ime this month.

The marked gain in popularity In contrast to the nation's of foreign funds has embarnew role as the world's largest

snapped up by Japanese investors, who have become sensitive ended investment trusts, which to rates of return and are are run by 11 Japanese investors. beginning to spure the gener-ment trust companies, subsidi-ally poor performance of aries in turn of the major domestic funds. securities bouses, activeted an The total net value of foreign average rate of return only 2 to

the total net value of trust fund assets at the end of 1985, and of these 95 per cent is invested in the US.

Yoko Shibata examines a challenge

ASIAN FINANCE

to domestic investment trusts

which provided yields in the 20 investment by Japanese funds to 30 per cent range. was extended from 11 markets to 30 per cent range.
Only six out of the 92 funds
beat the rise of the Nikkei average index, which is a broad measure of the Japanese market Furthermore, the per-formance of 35 of the domestic

in nine countries to 30 markets in 22 countries including Hong Kong, Singapore, Italy and Spain. This came about with a relaxation of the self-imposed relaxation of the self-imposed guidelines for fund managers. However, the industry continues to submit to MoF guidelines that the maximum monthly net increase for a single foreign trust fund should be \$39m.

A chronic shortage of experienced fund managers is one explanation offered for the

investment trusts. The con-troversial proctice by the parent brokerage houses of dumping poorly performing stocks on their subsidary funds is another reason for some trust funds weak showing.

In aftempting to respond to private investors increasing emphasis on the rate of return their investments, the big Japanese brokerage houses have embarked on full-fledged sales campaigns for their foreign trust funds, although these vie directly with the domestic trust funds managed by their investment trust subsidiaries.

A total of 39 such funds are being marketed at present.
As of the end of November 1985, Nomura was the largest seller of foreign investment trust funds with net asset value totalling Y167bn, followed by Daiwa Securities with Y104bn,

Nikko Y64bn The MoF is taking a lauser-foire stance towards the current sales hoom in foreign investment trusts for the time being It feels that in view of the limited scale of the market, there is little serious risk of

Apartment venture finds room to expand

BY CHRIS SHERWELL SOUTH-EAST ASIA CORRESPONDENT

AMID THE pessimism occupancy, the Jumbahhor now generated by Singapore's con-plan to extend the idea to tracting economy, it is surpris-ing to find people who are not only pleased with husiness but pressing ahead with expansion

abroad.
Yet that is what the
Jumabhoy family is doing—and the higger surprise, given Singapore's glut of hotel rooms and residential property, is that their line of business is the ownership and management of executive apartments.

Occupancy rate excecds 90%

According to bankers, Singa-pore had at least 10,500 private residential properties lying vacant at the end of 1985, and another 9,000 newly built hotel rooms. Estate agents say the total supply of hotel rooms this year will reach 26,400, up 10,000

In the midst of this flood and retail area.

The question of what to do centrally located complex of 1.77 with the property became five floors of shops, and the Jumabboy family, now into its fourth generation in Singapore.

After just 18 months operating the Ascott at above 20 per cent singapore is main commercial accommodation.

The market in Singapore was obvious—executives with multi-important by the 1970s. The important by the 1970s. The national companies on lengthy trains to Singapore, professionals on one to three-month stints, and others looking for a base from which to search for more the Ascott at above 20 per cent

plan to extend the idea to Britain, Hong Kong and else-

It is not a typical rags-to-

riches story. "My father was always well off," says Mr A. R. Jumabhoy of the man who arrived in the Island state from Kutch in India in 1912, aged 14. Mr Jumabhoy's father possessed several generations' expertise in trading com-modities between East Africa. the Middle East and India. In Singapore, he developed this into a husiness trading tea. coffee, coconut oil, dates and

He also believed in exclusive-ness, and when the family bought a house on the corner of Orchard Road and Scotts Road, it was because this was a privileged location, even in those days. Now it is one of the most prestigious addresses in Singapore's main commercial

For Mr Jumabhoy and his son Rafiq, just back from studies in Britain, the first thought was to sell the prime site to property developers and get a good price. That seemed to offer little challenge, so the second thought was to develop the property independently and build a cinema and office block.

Losses have yet to disappear

This eventually gave way to a plan for a 450-room hoel, an idea which was becoming highly fashionable. Scotts Holdings was set up in 1979, and work on the site began. But then the Jumabhors recognised a need they had themselves experienced in London when Rafiq was studying—for a place to stay in Singapore which was more homely than a hotel and more managable than rented

Despile the nosedive in the Singapore economy—especially the hotel sector, where occupancy rates have dipped below 60 per cent—and despite com-petition from other serviced apartments, the Ascott has apartments, the Ascott has succeeded because of its loca-uon, its style and "the help of our friends," says Rafiq Jumba-bhoy. One US multinational has taken 10 apartments for two

years each.
None of this has come cheaply. Scotts Holdings has borrowings of \$\$50m on paid-up capital of \$\$137.8m. and will report a further year of losses in 1985 to take the cumulative figure to \$\$11m. The building is in the books at \$\$122m. The idea, bowever, is to "show the worst picture up front," says Rafiq Jumabhoy, and start showing a profit from this year. The next priority is London. With a UK partner they had

hoped to pick up a large Park Lane property before Bruneian interests beat them to it. Now they are casting round else where.

Two alternative partners are said to be lined up for a simi-lar venture in Hong Kong, and this could get off the ground more quickly.

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Television/Christopher Dunkley

Bad art, good bad art and the merely mediocre

It was, as I remember it, an article in the New Statesman written during the sixties by Francis Hope (killed in the Paris air crash and much missed) which alerted me to the distinction between bad art and good bad art. Hope was writing about books and making the point — though the following examples are not his hut mine since I cannot find the cutting
— that while, say, Hank
Jansen's Cutie On Call is merely a bad, albeit popular book The Prisoner of Zenda ia a good The idea is particularly useful

in television because of the appalling power of the ratings. Soap opera, for instance, tends to be defended by television diehards simply on the grounds that it is popular, when a far more important and interesting defence can be made within the genre by distinguishing between bad art (Crossroads) and good bad art (Coronation

The reason for raising the point now is that binary fission has occurred in Los Angeles and Dynasty has split to produce Dynasty II: The Colbys. The new series enables the authors to keep all the old crowd—silver haired patriarch Blake Carrington, big-breasted Blake Carrington, big-breasted Krystle, matinée idol Jeff, arry old Alexis and so nn—and at the same time introduce an entirely new crowd—silver baired patriarch Jason Colby, hig-breasted Sahle Colby, sexy

Constance Colby (played with bags of smouldering passion hy believe it or not, 79-year-old Barhara Stanwyck), matinée idol Miles Colby, and so on.

Now, Dallas and Dynasty have always eppeared to me to be not just bad art, but bad bad art. Yet while in the US their ratings keep sinking, in Britain they attract not only a mass following among the un-

mass following among the un-demanding millions who voluntarily watch Wogan and The Price is Right, but a fashionable following among people whose tasles you might otherwise

'Soap opera tends to be defended simply because it is popular'

respect. The attitude among these fashionable followers is that the American glitz series are really not as bad as pointy headed intellectuals like to pre-

right? Is Dynasty really not the worst sort of bad television but actually good bad television?
Was I being supercilious in zapping to another channel whenever it appeared? I decided to give it another chance and wetched both the apening "special" of Dynasty II: The Colbys and the first of the regular episodes on Wednesday. Sure enough it is meretricious carbage without a single

no insight, no bumanity, no genuine passion, no compassion, no considered convictions— social moral or political—and, outside the costume and make-up departments, a bare mini-mum of professional expertise.

As with Dallas and Dynasty. As with Dallas and Dynasty, it gives the impression that those who produce it have never met any real people but have taken all their ideas from pulp novels, old movies and, above all, previous television series. The plot is ludicrous, the characterisations laughable, and the district weefully and the dialogue woefully bogus It is in all, beyond contempt; not worth consideration
which is why you will find
no more reviews of it here.

In British drama, paranoia is all the rage. Thanks to the lead time now necessary to hring drama to the screen there is, of course, no question of copy-cat tactics in the sudden appearance of severel works characterised by a fear of official secrecy, npper class conspiracy, secret police and the spiracy, secrety, upper class con-spiracy, secret police and the Anglo-American military-indus-trial complex. The fact that Edge of Darkness, Defence of the Realm, Dead Head and Frankie and Johnnie have turned up within weeks of one another is rather an indication

Troy Kennedy Martin's serial Troy kennedy Martin's serial Edge of Darkness, transmitted twice by the BBC late in 1985, is the hest of them, though both the one-shot dramas — Defence of the Realm and Frankie and Johnnie — are outstanding. They are also extraordinarily almilar Defence of the Realm was produced primarily for the amilar. Defence of the Realm was produced primarily for the cinema, ia currently on circuit release, and presumably will not be seen on television for at least a couple of years, whereas Frankie and Johnnie was made primarily for television, though it rectived its productive in the contract of the con it received its première in cinema, and will be screened by BBC 2 on Suoday.

by BBC 2 on Suoday.

The central character in each work is e newspaperman with integrity (hitherto virtually unknown in modern drama) and in each the plot begins with some seemingly small incident which, with the reporter in pursuit, leads to ever higher levels of involvement by the state end in the end—as with Edge of Darkness—to the perils of nuclear accident. dent.

Rightly enough Defence of the Realm has already received high praise from cinema critics. It does have fine qualities, notably its central performance, its photography, and its por-trayal of professional relation-

acting, or the direction is there a hint that anyoody connected with the series baa any ambition for it other than that it should some extent inspired by the amassing hig ratings. Il displays no insight, no bumanity, no sequent uniquity of the bored schoolboy son, the awful jealousies within a civil servant's family—which the best of today's British television dramatends to do better than even the best of today's British cinema cinema.

Dead Head, written by Howard
Brenton and now runoing on
BBC2, shares some of the vir-

"The trouble with " Dead Head " is poor Howard Brenton's misanthropy'

tues of the other productions.
It, too, benefits from good acting, and from camerework which is marked by pteasingly mannered lighting. The sery bits are quite fun too: in last week's typical male fantasy Brenton required his central character, Eddie, to be sbackled to a bed while a nymphoto a bed while a nympho-maniac Sloane Ranger dressed only in an open Burberry and wellies bad her wicked way with him. It was neither very original nor very extensive, but unlike most of tha sex on television that we hear so much about, it really was there on screen and not merely in the fervid imagication of the pro-

hibitionist prodes.

Dead Head is poor Howard Breoton's misanthropy. On the one hand he seems to feel that he must lash out at the estab-lishmeot which provides him with such a comfortable living. and on the other hand he appa-rently finds the working class deeply unappealing too. His working class hero is portrayed as a whining little oik, the polica are shown as pampered pansy monsters, and the home ceunties are full of rich per-verts haying about their idle-

Defence of the Rcolm and Frankie and Johonie are both notable for authenticity of detail: in each case you could easily believe that the authors bad spent a research period in a newspaper office. Prards, the stage play about Fleet Street which Breoton co-wrote with David Hare, gives the cootrary impression: even the newspaper terminology is comprehensively wrong. And inst as Dynasty seems to have been written not after a study of life hut after a close scrutiny of other television series, so Dead Head feela as though it was written hy somebody who, rather than standing in a bome counties pub observing the realities, has heen watching lots of left wing student skits satirising the experione of standing in home counties pubs observing the realities.

revid imagication of the pro-hibitionist prodes.

Certainly not good art, not had art, nor yet good bad art... just mediocre really.



Denis Lawson in " Dead Head"

Timothy Hugh/Purcell Room

Max Loppert

event, it failed to materialise; but even without the added attraction of such a novelty. there was a great deal of interest and pleasure to be had

from the concert.

The young English cellist, currently also a member of the chamber group Domus, is plainly a remarkable player. Word of his gifts—of his uncommonly mature musicianship, of his ahilly to translate lively interpretative ideas into finished performances—had got ebout before this latest appearance. It proved accurate:

Hill

A new piece for solo cello by few indeed capable of arguing hasty). Altogether, though, the Nigel Osborne had been their personal commitment to promised for Monday evening's the music so persuasively. recital by Timothy Hugh. In the The two suites played, the

The two suites played, the minor (BWV1011) and the No less so the proud command over the Kodaly solo sonata, which was placed hetween the two Bach works. It is a long work and it can seem long. Kodaly's concern to exploit every aspect of cello technique leads him to indulge in the Hungarian equivalent of musical blarney. I cannot recall another live performance which moved so unhaltingly.

The technical grash was D major (BWV1012), were both marked by full-toned muscular attack and an ener-getically surging rhythmic tread. One was never allowed to forget—a strong point in Mr Hugh's favour—that dance rhythms provide the basis for Bach's mighty structures; in the faster movements, a sense of physical invigoration came directly off the flow of phrases.

The technical grasp was unfaltering hut, particularly in the finale, it was not just as a master of complicated multiple Perhaps one could ask for a still greater degree of relaxation, of reflective lyricism, in the passages of repose (the D stoppings and scale passages that Mr Hugh made his success there are many young cellists major Sarabande may not have that Mr Hugh made his success willing to display "their" been "fast" in actual clock so evident: the drama unfolded Bach Suites to the public, but time, but it felt just a trifle in big, bold stages:

Gregory's Girl/Oldham Coliseum

Oldham Coliseum exudes an enthusiastic bravado under the Girl I enthused about his direcone-year-old directorship of tion of Lancaster Theatre's Play John Retailack. Oldham does of Jennet for its multi-media

Forsyth's film Gregory's Girl (until Fehruary 9). So far John Retallack and company have not made the mistake of presenting their outdated notions of youth culture. In 1985 they established a house styla of boisterous inventiveness which energised Bouncers and Tartuffe this year we are promised an adaptation of Don Quizote, Cloud Nine, The Riss of the Spider Woman and a new Howard Goodall musical, I hope such eclectisim does not result in a dissipation of Oldham's decisive and thought-provoking style of production.

Charlotte Keatley

not have Manchester's built-in student population and the theatre, eager to attract young people is selling itself through glossy leaflets while Eurhythmics' latest album plays in the bars and foyers.

It is not surprising then to find a stage adaptation of Bill Forsyth's film Gregory's Girl (until Fehruary 9). So far John

Petralleck and markets built-in decirculative. This production is a disappointment for its adisappointment for its multi-media theatricality. This production is a disappointment for its adisappointment for its multi-media theatricality. This production is a disappointment for its adisappointment for its adisappointment for its feelie naturalism. Bill Forsyth and David Puttnam produced a film which observed and distinct the excruciating emotional furbulence and physical awkwardness of adolescence with gentla humour. Whereas film focuses attention on a glance or the timiest hand gesture. ture, Ian Forrest's child cast varies between two options; some play for comedy, and are exaggerated in gesture; others are genuinely gauche. On a wide staga this presents us with awk-ward teenagers, not teenage awkwardness.

John Kilvinger's gangling Gregory and Emma Clarke's bouncy Dorothy are sincere but right for oneself, Mr Forrest look choreographed rather than has a cheering gang of girls spontaneous and inspired—as carry off Grogory shoulder high do the football practice as Dorothy looks on, half wist-sessions. Joanne Arden's ful, thus suggesting quite the Madeline and Matthew Roberts's opposite.

Ian Forcest directs Gregory's Richard stood out for their convincing partnership as 10-yearolds in a serious courtship. Craig Morris'e Steve, the sensitive pastry maker, and David Lees's Eric, the photographer, conveyed the same deadly

earnest — no coy performances hut the beautifully observed gestures of boys playing at

Two areas of carelessness were disappointing. Marisa Rossi's set of cut-out skyline, real football goals and trees but stylised school walls and clock expresses the production's faltering path hetween realistic playground life and Gregory's internal fantasy world; secondly, whereas the film maticulously implants role meticulously implants role swapping—strong girls and soft boys—and ends with the mes-sage that sex and dating is not as important as finding what is right for oneself. Mr Forrest

The Oven Glove Murders/Bush

Michael Coveney

Nick Darke's The Oren Glore Murders at the Bush Theatre is an incestuous satirical comedy about the revived British film industry. A kiss of death, in fact. It cannot make up its mind whether to be fastidiously accurate or downright zany end ends up being neither, the show blowing up in a most alarming fashion symbolised by a First Night disaster of some magni-tude (in tiny Bush terms), a badly muffed speech.

with "Butterfly Breed" in comwith "Butterfly Breed" in competition with Scorsese and
Speilberg. The film is a
schmaltzy romance, all that
remains of an EMI commission
to provide a comedy "with
balls" about Greenham Comtensults his wife, shouts at
colleagues and throng shouts

Roth) and his wife Sandra Sky its feet without them.

ude (in tiny Bush terms), a rather too apropos, in the circumstances), much enjoyed by all the directors and agents in

ing a highly thought of (in his wisdom of not listening to own field) Yorkshire play-writers on his Pot Noodle comwright who has bad work done mercial and wears his shoes to at the Barblean and wears a dispiriting greatcoat. writers on his Pot Noodle commercial and wears his shoes to please his mother. These are funny moments, and Mr Wing-Davey's blurred analysis of the script's potential is, if you pressure to be generous, chuckle-worthy. Philip Jackson, too, as the forlorn writer Joel Breaks, is capable of transforming dross in his lugubrious undercutting comic style, beaming with pleasure when Sam Goldwyn pays him US\$500.000 not to write the screen play for his cherished project; we later hear writers on his Pot Noodle commercial and wears his shoes to please his mother. These are dispiriting greatcoat. Surely this theatre cannot be taking the rise out of Robert Holman, and of its favoured writers? me to be generous, chuckle-there eosue lots of glib cracks ahout how nobody ever retest the forforn writer Joel Breaks, scripts properly (a complaint is capable of transforming dross rather too appropriate the circular plants on his Pot Noodle commercial and wears his shoes to please his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the worthy. Philip Jackson, too, as the forforn writer Joel Breaks, scripts properly (a complaint is capable of transforming dross to please his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the work done in the rise out of Robert Holman, are to be generous, chuckle-worthy. Philip Jackson, too, as the forforn writers on his Pot Noodle commercial and wears his shoes to please his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the worthy. Philip Jackson, too, as the forforn writers on his Pot Noodle commercial and wears his shoes to please his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the cript is potential is, if you press worthy. Philip Jackson, too, as the forforn writers is capable of transforming dross to please his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the source of the pressure his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the source of the pressure his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the source of the pressure his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the source of the pressure his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the source of the pressure his mother. These are funny moments, and Mr Wing-Davey's hurred analysis of the pressure his mother.

designed by Geoff Rose, is the belong to Garstang, who wants Joel which sounds as though Soho office of Absoluteky Films to know how he can put the it had been made up in the where Winston Absolute (Tim British film industry back on interval. Not even had enough



Jan 24-30

Harwood has a superb role for the matchiess Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit be-tween The Soviet Union and Brit-sin. Finent direction by Peter Yates of the Mice Feel beet even play of

of the West End's best new play of

the year. (194 1100).

ennon (Astoris): A not too exitical
celebration of the life and music of
John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's
Lennon look-and-sound-alike.

Lenton look-and-sound-alike. (734-4287).

Are You Lanesome Toulghi? (Procnix): More musical hagingraphy with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836-2294).

(836 2294). Les Misérables (Palace): Notably well

es Misérahies (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevos Num, designer John Napier and lighting man David Hersey, Colm Wilkinton superbas Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is requiredly melodic with serviceable

the year. (734 1166).

Suzanna Hamilton, Mark Wing-Davey, Tim Roth and Philip Jackson

The Nutcracker/Rome

Freda Pitt

When Maya Plisetskaya was one who has seen the pains-engaged two years ago to take taking reconstruction of charge of the Rome Opera lyanov's Donce of the Snow-

cunstances), much enjuyer all the directors and agents in the audience. Recognising themselves, no doubt.

Winslan and Sandra are, however, unrecognisable as protection of course, for a single moment and are therefore unfunny. Winston is a former child actor. Hackman and Streep.

a who thinks that entreprenential at hrashness and nationalist ideals on will take him to the top. Which it of course, for a while, they do.

Mike Braiwell's production of a little-known cherubini ... opera season opened in November with a praiseworthy production of a little-known cherubini ... opera season opened in November with a praiseworthy production of a little-known cherubini ... opera, Monserrat in the sale who thinks that entreprenential at hrashness and nationalist ideals on will take him to the top. Which if of course, for a while, they do.

Mike Braiwell's production of a little-known cherubini ... opera, Monserrat in the cannot do much for the unlikely death of Winston, nor for death of Winston, nor for death of Winston, nor for the other sance and throws shoes out the window. The shoes out the window. The shoes out the window. The shoes will which sounds as though the little window in the programme-book bears only occasional resemblance to the resion seen on the slage when they made their first bow of the new season on January of the new season on January of the new season on the slage in the groups and throws shoes in the programme-book bears only occasional resemblance to the version seen on the slage in the groups assign the role to e single dancer.

The opera season opened in November with a praiseworthy production of a little-known cherubini ... opera, Monserrat well-developed adolescent who cherubini ... opera, Monserrat in this production the rather well-developed adolescent who cherubini ... opera, Monserrat in the sample to all the shading the cast. The particular the sample to grant the summer. It is hardly surprising, therefore, that the date in the programme-book bears only occasional resemblance to the versi to protest against their limited opportunities. The cast changed Raffaele Paganini (no longer with London Festival Ballet) lost his single performance— not that even a far superior dancer could have saved the evening.

Miroslav Kura, from Prague, is best known for the uncon-ventional Romeo and Juliet production lhat his company for three boys with long sticks brought to Reggio Emilia and Modena some years ago. His Nuteracker is thoroughly traditional in conception, being purportedly hased on Ivazov's eriginal—though we all know most of that is lost, and any-

worthy of interest. Last summer a series of disagreements
led to her departure; the artistic adviser also resigned, and
the theatre is now without an
the theatre is now without an works with greater consistency

the version seen on the slage. Drosselmeyer looked more like an upper servant than a man of myslery, the children from the school looked glum and

Choreographically, the most Choreographically, the most interesting sections came in Act 2. The preity Russian dance was set for four groups of three dancers, with white ribbons, giving the impression of sledges, while the pas de trois for three boys with long sticks called Pukcinello was also interestingly different

drawn in the round.

Saleroom/Antony Thorncroft

China porcelain surfaces

Christie'a is to sell in Amsterdam from April 28 to May 2 the most comprehensive group of Chinese export porcelain 10 bave arrived in Eorope since the 18th century. Approaching 150,000 items will be on offer, all recently discovered on the sca bed near the south China the strength of the dollar coast by Captain Michael against European currencies. coast by Captain Michael Hatcher.

were under the sea and has a Chinese gold, previously good glaze. Among the items unrecorded. which will be are 50,000 tea bowls, plstes, auctioned. Estimates are around butter dishes, tureens and the current price of gold.

prices at auction tend to roflect the strength of the dollar against European currencies. Estimates will be low, and the Hatcher.

In 1983 Hatcher set the lots will be arranged to give Chinese market for works of art alight by finding vast quentities of 17th century late Ming hlue and white porcelain the chance to acquire what they may be a successful the sale will latest find is much more extensive. The porcelain, which had been packed in tea, has survived well its two centuries and work 124 bars of 19th century Chinese 20ld, previously

New directors of programmes for Thames TV

editor of the Thames current affairs series This Week and, since the opening of Channel 4, ooe of Britain's most influen-tial independent producers.

Thames, the largest pro-gramme maker in the ITV system, lost its previous director of programmes, Muir Sutherland, as a consequence of the Dallas dehacle in which

The new director of pro-grammes for Thames Television appointment. Aged 41 he has is to be David Elstein, former been a BBC producer (The editor of the Thames current Money Programme, Cause for dent has created such series as Master Bridge end A Week in Politics.

Sir Claus Moser honoured

Sir Claus Moser, chairman of the Royal Opera House, Covent love. Don Daniels's studio RSC production does not transfer that well, but Frances Barber is an actress to watch. More coughing on stage than in the stalls, for a change. (6302578).

Arts Guide

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

(2396200). Cats (Winter Garden): Still a sellout,

aus (winter Garden); Soll a Sentor, Trevor Num's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather standand overblown idea of theatricality. (220 620)

(239 6262). 42nd Street (Majestic): An immodest

Papps Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as andi-

tions rather than emotions. (239 6200)

some tuneful Jerry Herman songs,

La Cage aux Folles (Palace): With

Theatre

Music/Monday, Opera and Ballet/Tuesday. Theatra/ Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers.

(157 2026).

New Represent (Rooth): In moving

about two oldstess returns to an Judd Hirsch and Cleavon Little who almost conquer the world when they with tackering with

almost conquer the world when they think they are just backering with each other. (2398200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of thick Fign's adventures down the Mississippi, which walked off with many 1935 Tony awards almost by default. (2460220).

WASHINGTON

Cand Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gams from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (48th St): The first instalment of Nell Simon's In Regard of Flight (Kreeger): Bill Irwin's theatrical spoof shows off the mime's talent in confronting a maneating stage curtain and a disappearing shoe on the quest of a new theatrical genre. Ends Jan 12. Arena Stage (4883300).

Restoration (Arena): Edward Bond's completion of confronting professionals. The first instalment of Nell Smoot's mix of memories and jokes focuses on a Depression era Jewish household where young Eugene falla awkwardly in love with his cousin. (221 1211).

A Cherus Line (Shubert): The longestrunning musical ever in America.

combination of contemporary peli-tics and 18th-century high jims with music by Nick Bicat is directed by Sharon Ott of the Berkeley Rep.

LONDON

The Scarlet Pimpernel (Her Ma-jesty's): Dopald Sinden in resplen-dent plummy-voiced form as Baron-ess Orczy's one-man resistance to the French Revolu-



Pinpernell at Her Majesty's

ner's efficient and sparkish produc tion has smoke, tambrils, rat stew and rolling heads. (9304925). As You Like it (Barbiem): Much im-proved since lest year's Strationd-upon-Avon season, Adrian Noble's loosely Edwardian production now loosely Edwardian production now emerges as a secret-garden adventure where Bosalind (Juliet Stevenson) has the sinterly devotion of Celia (Fiona Shaw) threatened by Orlando (Hillion McRae). A superb Jacques from Alan Bichman. The RSC Barbican repertoire also includes a fine Othello with Ben Kingsley and in The Pit, Christopher Hampton's absolutely breathinking, unmissable version of Les Laisons Dangereuses (5288795).

and the company of the second surgernment of the contract of t

The Cherry Ovchard (Cottesloe): Wonderful NT production by Milee Alfreds includes the scene Stanislav-sky cut Ian McKellen as Lophakin, Sheila Hancock as Banevskaya, Hugh Lloyd as Firs, Edward Petherbridge as Gayev, Roy Kinnear as Simennov-Pischik, Eleanur Brun as Varya, Sheer blies and very funny. Varya. Sheer hiss and very funny. (228 2252).

Noises Off (Savoy): The immiest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of back-stage shenanigans on tour with a third-rate farce is a key factor.

Startight Express (Apollo Victoria):
Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg
movie magic, an exciting first half
and a dwindling retinance on
indiscriminate rushing around. Dismovieum Star Way and Cate are all neyland, Star Wars and Cats are all influences. Pastiche score nods toinfluences. Pastiche score nods to-wards rock, country and but gospel. No child is known to have asked for his money back. (834 8184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrich's tap dancing extravegama has been rapturously received. [836 8168].

Me and My Girl (Adelphi): Steek, effi-cient and enjoyable revival of Brit-ain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Craw-ford (BM7811) ford. (8367611).

Barmun (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or

two new tricks in a likeable ma-ringue of a musical. (834 1317, credit cards 258 4735).

African magnate acquires Britain's most prestigious newspaper. A Jon-sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (9282252).

while a nation dithers. (928 2252).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new easting of Luin as Miss Adelands and the notably well sing black Sty Masterson of Clarke Peters. Richard Eyre'a production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-libratist Abe Burrows (930 888).

Teach Song Trilogy (Albery): Antony Sher plays Barvey Fierstein's four-hour triptych of the life and loves of a drag queen lighting for emotional and domestic stability. Truthful playing has the effect of cruelly ex-posing Fierstein's tackily uneven writing. (838 3878).

rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (4376334)
Camille (Comedy): Pam Gems's rewrite gives Marguerite Gautier a child for whose future security she High (Lyric): Unconvincing stage reviv-al of Lerner and Leewe's film fol-low-up to My Fair Lady, Beryl Reid rising iminitably above the material, Jean-Pierre Aumont and Sian Philips lending more conventional support. John Deuter directs, Jose-lyn Herbert designs. (431 3606). exchanges her own frail health and love. Dan Daniels's studio RSC pro-duction does not transfer that well, but Frances Barber is an actress to

interpreters (Queen's): Love among the diplomats, according to Ronald

FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Wednesday January 29 1986

IDA's thrifty sponsors

provides very soft leans to the world's poorest countries, have seen their joint grain production fall by an changed from the ideological to the budgetary. In the last fundaraising drive the key problem was tha lngrained scepticism of the Rassan Administration of the Rassan Administration of the column and China, which have seen their joint grain production fall by an average of 2 per cent per annum since 1970. Meanwhile, described them and China, which have seen their joint grain production fall by an average of 2 per cent per annum since 1970. Meanwhile, described the column and china, which have seen their joint grain production fall by an average of 2 per cent per annum since 1970. Meanwhile, described the column and china, which have seen their joint grain production fall by an average of 2 per cent per annum since 1970. Meanwhile, described the column and china and china and china and china are constant.

Baker, the US Secretary of the Treasury. takes a different view of the Bretton Woods agencies from that of his predecessor—as shown by the role of the World Bank in his Baker of the World Bank in his Baker Plan. The plight of subSaharan Africa has penetrated
America's political consciousness. The relationship between
the US and India—an important
recipient of IDA money—has
improved as well. Sensing a
friendlier elimate, the World
Bank has heen less appressive Bank has been less aggressive and aggrieved in making its demands for the three years that start in the summer of

Liberalism

The risk now is that this less emotive atmosphere will calmly produce a rather stingy re-plenishment, bedged about plenishment, bedged about with new and counterproductive terms and conditions. The very minimum that IDA needs ever the three-year period is \$12bn.

IDA deserves support because it is uniquely able to combine aid with the economic direction that poor countries need it.

THE CONSTRAINTS on the nation is particularly approfunding of the International priate to 24 nations in Africa Development Association, the which, through a blend of arm of the World Bank which drought and economic misman-approxides were soft leans to the

was the largained scepticism of the Reagan Administration towards multilateral aid. This time round the biggest threat is Gramm-Rudman—the arbitrary process by which Congress will cut its spending down to size if it fails to reduce the US budget deficit in rational fashion.

This week's meeting of the IDA deputies in Paris has confirmed that argument over IDA funding should be less bitter and emotive than in the previous round (IDA 7). Mr James Baker, the US Secretary of the Treasury, takes a different view of the Bretton Woods agencies from that of his prevalue of the Bretton Woods agencies from that of his prevalue in IDA is to be in the content of the IDA is to be in the content of the IDA is to be in the content of the IDA is to be in the content of the IDA is to be in the IDA in the IDA is to be in the IDA in the IDA is to be in the IDA in the IDA in the IDA is to be in the IDA in t

been none of the loose talk about a dramatic "Road to Damascus" conversion which about a gramatic Road to Damascus" conversion which built up false expectations prior to the Durban speech. The closest to that has been the statement by Dr Gerhard de Kock governor of the reserve and the IMF.

In our view, if IDA is to be made less aid-like, it should be pushed in the direction of equity finance rather than loans. This means payment and repayment by results, when the results come, rather than interest payments levied on bank in a speech to businessmen six weeks ago, echoed by results come, rather than interest payments levied on bank in a speech to businessmen six weeks ago, echoed by Fritz Leutwiler, the Swiss idebt mediator, earlier this month, that the speech would contain sufficient reformist proposals to permit the tacit consent of IDA and into that of the World Bank proper. This graduation should involve not only tougher terms on new loans but also progressive reof IDA and into that of the World Bank proper. This graduation should involve not only tongher terms on new loans but also progressive repayment of IDA loans still outstanding.

The original South African re-scheduling proposals, which included a four-year repayment standstill until 1990, were presented to the 29 major creditor banks in December and outstanding.
As for the linkaga between DA and IMF, it should not blur the distinction between the creditor banks in December and rejected by them. A revised proposal, made in the light of the banks' objections has been given to Dr Leutwiler, who is due to present his own compromise proposals. These will take into account both the two agencies or bind them This would in real terms be the equivalent of the \$9bn that was raised in IDA 7 taken together with the \$1.5bn that was eventually raised for the special fund for Africa. It will be substantially less than the \$12bn of IDA 6.

IDA deserves support because two agencies or bind them together toe inflexibly. Certainly the two agencies sheuld work together where appropriate, exchanging information and co-ordinating their advice, but IDA sheuld not feel obliged to match IMF trust fund loans of its own.

IDA deserves support because THE hope among bankers with loans outstanding to South Africa is that President South Africa is that President P. W. Botha's speech to the opening of parliament on Friday will provide an opportunity for the rescheduling of some \$14bit in foreign debt caught up in a payments standatill since the end of August. The fear is that it will not.

that poor countries need if they are not to squander resources invested in them. This combines as possible. The wrong way to help ratepayers

A BATTERY of local govern- a fairer, mere widely based and ment bills since 1979 has tried more accountable system of and failed to take the political sting eut of Britain's rates problem. The Prime Minister's commitment of more than a decade te abolish domestic rates remains unfulfilled in spite of an almost continuous flow of inquiries, reports, special Cabinet committees, Green and White

The latest offering is another Green Paper, Paying for Local Government, presented to parliament yesterday by Mr Kenneth Baker, Environment Secretary, many of wbosa Cabinet colleagues are happily consident that none of its more The latest offering is another confident that none of its pro-posals will ever be enacted in England and Wales.

Key proposals

The key proposals involve freezing the domestic rate bills in 1990 and allowing them to "wither on the vine" until they all but disappear in most places by around 2000. As they shrivel councils will be free te make up the lost income by levying an increasing level of poll tax, called community charge, on everyone over 18.

Tended for 13 years in England and Wales.

Secondly, the complex grant system needs to be overhauled and treated as a technical, rother than political, tool. The Grean Paper has mnch sensible to say on this subject. It is to be hoped that improvements to stabilise the system are implemented as seen as possible.

Thirdly, if the rate burden

At the same time, the nondomestic rate would be abolished and replaced by a uniform, national non-domestie rate levide on all commercial and industrial property, all of which will be revalued before

Just as rate bills vary widely now, poll taxes would also vary. The Green Paper, whose elegant prose belps to disguise the fact that bunches and hopes play a greater role than researched and documented evidence cucreacts that the average ence, suggests that the average poli tax might be £50 a bead in 1990 rising to £250 a head

Many, but not all, of the Government's problems over rates are of its ewn making. The mess it bas made ef the grant system in recent years has not enly had an upredictable and arbitrary effect on rate bills but it has also destroyed the already thin link between rate demands and local expenditure decisions.

However, the rates system was already overburdened with too heavy a financial responsibility falling on too few shoulders because of the combination of a narrow tax base and an extensive system of regalners and 10m losers. Politibates. This has all been class bave learned dewn that worsened by the antics of a ages that winners count their

local finance are laudable. But the latest ideas are not well directed towards these goals. The answer is not to sweep away a solidly based tax which yields a larga and predictable income, is cheap and easy to collect and difficult to evade.

Better surely to reform the tax Better surely to reform the tax and supplement it with an extra source of income which can be shown to be as good or better. An updated system of valuations, preferably based on capital values, would restore some sense to the system—although the protests arising from the last Scottish revaluation suggest that it would need tion suggest that it would need to be done in phases; the matter has been carelessly left un-tended for 13 years in England

Thirdly, if the rate burden Thirdly, if the rate burden is too great it needs to be eased either by reducing it—financing, but not administering, education from central government, for example—or by introducing a supplementary tax which improves the system. A local income tax, after a oncefor-all difficulty with the compilation of a computerised pliation of a computerised taxation list, would be a fair. progressive source of local revenue which did not tax those without an income

Regressive taxes

Yesterday's Green Paper presents the electorate with two local taxes where it now has one, both regressive except for the rebate system at the lowest income level; a dimunition in local accountability for at least a decade while the frozen rate bill is the primary source of local revenue; a change in the nen-demestic system which would help business in, for example, the North-east but cause large jumps in rate bills for commerce and industry in Westminster and the City of

Londen. The Green Paper estimates that overall there would be 10m gainers and 10m losers. Politiworsened by the antics of a small but bighly visible luck in silence; the thought of minority of left-wing councillors whe have disregarded the interests of ratenayers in the interests of ratenayers in the execution of their policies.

So the Gevernment's aims of the wrong solution is on offer.

encies—the white electorate, international bankers and the

One of his main tasks will be

political initiative it was widely

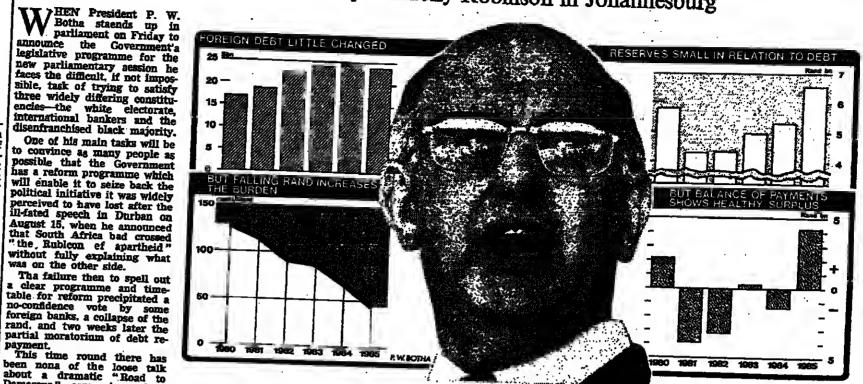
Tha failure then to spell out

The rathere men to spen out a clear programme and time-table for reform precipitated a no-confidence vote by some foreign banks, a collapse of the rand, and two weeks later the partial moratorium of debt re-

payment, This time round there has

POLITICS AND SOUTH AFRICA'S DEBT The world waits for Mr Botha

By Anthony Robinson in Johannesburg



revised effer from South Africa and bankers' reactions to Mr Botha's speech.

The word from government sources and those in the academic and business communities close to government thinking is not to expect any and bankers' reactions to Mr
Botha's speech.

The word from government
sources and those in the academic and business communities close to government thinking is not to expect any
dramatic new announcements.

Mr Botha is not thought likely
to go much beyond existing
statements of reformist intentions in areas like black citizenship, black property rights, the

ship, black property rights, the abolition of restrictions on black business and the intention to give urban blacks political rights up to a still-to-be-defined blacks. "highest level of decision making" as well as at a local and regional level.

The key issues on which clarification will be looked for in President Botha's speech will be in the areas of black political rights, the hints of a new federal or confederal structure—touched upon briefly in his speech to the National Party congress in Port Elizabeth last September—influx control and the pass laws. the pass laws.

Last September, a special committee of the President's Council, the top policy advisory

The problem for the Government is that abolition of passes and associated influx control measures is bound to increase minatory and bumiliating measures is bound to increase pressure for removal of other key elements of apartheid legislation like the 1913 Black Land Act, which limits black ownership of land to 14 per cent of the country, the 1950 Population Registration Act, the bedrock of all other racially discriminatory laws, and the Group Areas acts which provide for racially separate bousing and other facilities, including educational establishments.

including educational establishments.

The Government's own reading of the mood of the white electorate, which many whites as well as other racial groups dispute, is that abolition of the pass laws and influx control would lead to a mass immigration into white areas. This would strengthen the white right wing and lead to a possibly vielent white backlash. Taken together, the list of reform proposals already announced represents, in gevernment eyes, a major step away from classic apartheid—the task of this legislative session will be finally to put these But what many in the business community and other powerful political and social

tion," coupled to abolition of raeially discriminatory obstacles to black enterprise. This policy is designed to ensure that most black urbanisation takes place in the bomelands situated far from the main cities and white conurbations.

The clearest indication of government thinking with regard te the future of the controversial homelands in which 12m blacks live can be seen in the way it is going ahead with plans for the independence of its newest bomeland creation Kwandebele, some 25 miles north-east of Preteria. Its plans include the foreible incorrect.

What urban policy specialists fear is that the violence at Moutse could pale into insignificance beside the potential for conflict if the Government feligible to make a clear and mambel. to make a clear and unambi-guous statement to abolish bleck identity passes.

This, they fear, could open the way for a nationwide antipass, civil disobedience campaign as promised by Cosatu, the recently fermed black union super-federation, and the banned African National Congress (ANC).

Congress (ANC).

Ironically, the rise in the gold price, the prospect of a good barvest, the 20 per cent recovery of the rand against major currencies over the last eix weeks and the prospect of a fragile economic recovery with 3 per cent growth coupled with continuing high inflation—as well as optimistic moises from Dr Leutwiier—may well bave helped to persuade President Boths that it is still possibla for the government to dictate its own terms and its own pace for apartheid reform.

There are similar signs in

There are similar signs in the external arena where the Government has reacted te the recent spate of landmine and bomb attacks, and the threats of ANC President Oliver Tambo to step up ANC's military and political campaign, by putting pressure on its neighbours. Botswana, Zimbabwe, Swaziland—and last. but not least —and last, but not least

In this way, it has demonstrated the will te use its economic and military power to secure its frontiers and its determination to keep the ANC under control in the transchipt under control in the townships and to defuse the unrealistic expectations of armed liberation prevalent among radical black

kwandebele, some anorth-east of Preteria. Its plans include the forcible incorporation of 120,000 mainly Sotho speaking people from the speaking people from the against their will.

This decision, which has already led to violence and at least 20 deaths since the New Year, casts a dark shadow ever the credibility of government promises—particularly its promise to end forced removals of blacks from one area to another.

This may improve the chances of President Botha feeling secure enough to remove gency. But there is no indication that the Government is now disposed to legalise the ANC, release Nelson Mandela and other leaders unconditionally and sit down to talks ebout power-sharing and a genuine power-sharing and a genuine generacial government. Yet that remains the bottom line for many who will listen to P. W. Botha on Friday.

WHY THE BANKERS FEAR THE WORST

ticularly those in the US, have come under great pressure from enstoners and share-holders not to lend to South Africa — last year, for example, US local authorities, including New York City, withdrew deposits from banks with South African connec-tions

Rarely has politics intruded so brusquely into the business of practical banking. By com-parison with the Sonth African negotiations, the task or rescheduling Argentina's The result is that the fate of South Africa's debt hinges less beavily on what referms Mr Botha actually proposes in Friday's speech than on public reaction in creditor debts after the Falklands countries to those reforms.
Only if this is positive will
the modest debt restructuring
now envisaged be feasible. crisis or those of Poland after the military takeover pale inte insignificance. The difference this time is But benkers are novices at the pelitical game which they also view instinctively the pervasive influence of public opinion. Banks, par-

with distaste. Few indeed are these who can list exactly the reforms South Africa would retorms South Africa would need to: impose i for a rescheduling to become acceptable. Many shrink from the suggestion of Dr Fritz Lentwiler, the Swiss mediater between Pretoria and bank creditors, that any reschedul. creditors, that any rescheduling agreement contains a political preamble or annexe setting out their basic demands.

Shortly after Mr Botha'a speech, Dr Leutwiler, a former Swiss central bank president who is now chairman of the Brown Boveri industrial concern, is expected to circulate dely restructuring proposals to restructuring proposals to main creditor banks. This will

be fellowed by a meeting of bank creditors in London on February 20. Dr Leutwiler has already said that the new proposals will be much less ambitious financially than those circulated by Pretoria late last year and which were resoundingly rejected by creditor banks.

Quite apart from their political objections, bankers found these proposals maceptable in financial terms. They called, among other things, for no principal to be repaid before 1990 and for all debt maturities to be shifted forward by five years thereafter. But one years to the control of the thereafter. But one result of Pretoria putting them out at all was that it opened for the first time a real debate on

what the banks wanted in concrete terms.

This time the proposals are expected to be much more in line with bankers' thinking. Though Dr Leutwiler has revealed little of their content, he has indicated following his visit to South Africa earlier this month that he is looking this month that he is looking initially at a short-term pack-age which would give creditors the again at the country's prob-lems after, say, a couple of years. years.

The idea also is that the proposal would be presented on a take-it-or-leave-it basis in the form of an agreed minute which both Pretoria and creditors could initial but which did not have the value

of a full rescheduling con-

Tract.

That might get round the political objections of some lenders to dealing with South Africa, but it could also pose legal "and accounting problems in some individual countries as banks came under pressure to make loss propressure to make loss pro-visions against debt which was no longer being serviced under a proper contract.

ALEM.

In any case, the consensus of bankers at present is not very hopeful even fer this type of watered-dewn restruc-turing. Few regard Dr Leut-wiler's hopes of a settlement being in place by the time the present standstill expires at the end of March as anything other than wildly optimistic.

Peter Montagnon

in London

Marshall plays power politics

The management shake-up in the Central Electricity Generat-ing Board which Lord Marshall, ing Board which Lord Marshall, chairman, set in motien two years ago has finally worked its way up to main board level with the appointment of two managing directors.

Whan Fred Bonner, the board's deputy chairman who has held the purse strings for three chairmen over 11 years retires in April, Gil Blackman will move up to the number

retires in April, Gil Blackman will move up to the number two position.

Blackman, a quiet engineer who piloted the power system triumphantly during the coal strike, will also have the title of production managing directors. of production managing direc-

tor.

He is being given the job of maintaining secure electricity supplies at minimum cost from the world's second-biggest electricity company. (The CEGB acknowledges that Electricité de France is bigger).

Blackman's partner as corporate managing director responsible for building the power stations, and for business development, is the extrovert John Baker, a former senior civil servant, who joined the board in 1980.

Marshall's management style

Marshall'a management style favours an "inner cabinet" at



Men and Matters

the top of the corporation. He plans to run the CEGB with primary support from these two aldes. But he has also alrengthened the board by bringing in another engineer, Frank Ledger, to partner Derek Davies who was appointed last year.

Ledger's toh is to manage policy of decentralised management and he runs a head office of just 16 people. That total includes tha tea lady. The merged company will take on John McAdam, present chief executive of Coats, as appointed last year.

Ledger's toh is to manage policy of decentralised management and he runs a head office of just 16 people. That total relative to partner chief executive of Coats, as deputy chairman, and one other Coats director.

Ledger's job is to manage the newly-created operation division, which covers many things from fuel sources to bulk electricity supply. Davies' role focuses upon corporate planning.

Rumour has it that Marshall still sees e gap at the CEGB executive level. Ha wants to reintroduce a post abandoned about 15 years ago—a board member for research. That would be a signal the board wants to adopt a higher profile in the science and technology of neuron concention. of power generation.

Miller's tale

Ronald Miller has crowned his Ronald Miller has crowned his three-year chairmanship of Dawson International, makers of Pringle Knitwear, with the announcement of a £633m merger with another Scotfish textile group, Coats Patons, best known for its Jaeger range.

Miller's third major acquisition in as many years—the other two were West German and US companies—was saaled

and US companies — was sealed et a typically frugal lunch at Dawson's Kinross headquarters a few days ago. Miller, aged 48, joined Dawson as an accountant some 20 years ago after working for BP Chemicals and Foseco

After spells as group secre-tary and finance director his big tary and finance director his big chance came in 1982 when Brian Haggas, the man tipped to follow Sir Alan Smith as Dawson's chairman, unexpectedly stepped down to concentrate on his family business. Miller is committed to a

While the two businesses have been careful to present the deal as an agreed merger there is no doubt that Miller and his merry men have come out on top.

Head of steam

Rupert Murdoch, proprietor of The Times has astounded his admirers and his detractors alike in the last week by bis audacity. Having developed a new newspaper plant in the Wapping district of London's docklands in conditions of great secrecy be has succeeded in switching production of The Times and his other British papers there overnight—without the cooperation of the main printing unions. printing unions.

But Murdoch should hesitate befere claiming a "first" to add to the leng and turbulent histery of The Times since 1875. Indeed, it may be that Murdoch got his idea from reading about a remarkable coup engineered by John Walter II, the paper's second proprietor, in 1814. Determined to be ahead of his competitors, Walter decided to introduce the first steam-driven

press into Britain, The parts were secretly assembled in a well-guarded assembled in a well-guarded building at Printing House Square, Blackfriars, during 1812 and 1813. The empleyees knew the building only as Walter's private printing shop.

The official history of The Times says "The transfer was carried out in complete secrecy for fear of an antimachinery combination with consequent destruction of

with consequent destruction of

On the night his steam press was to run for the first time (in November 1814) Walter kept his unruly staff at their posts until 6 am by telling them a bogus story that the paper could not be printed until a special item of news arrived Meanwhila his steam press was churning out copies at was churning out copies at 1,100 an hour.

Just before dawn Walter went into the press room and told his men, "The Times is already printed—by steam."

However, unlike Murdoch, Walter promised that there would be no redundancies and he would continue to pay all employees wages.

Mr VCR

Changes et the top of Japan's largest corporations are usually planned well in advance, so it planned west in advance, so at cama as something of a supprise when Toshihiko Yamashita, 66-year-old president of Matsushita Electric, abroptly announced his retire-In fact, Yamashita is going

only a year earlier than expected. Akio Tanti, 57, had been due to take over as head of the world's largest consumer electronics group sometime in Like his mentor Yamashita,

Tanii is a graduate of a technical secondary school. Neither man holds a university degree. man holds a university degree.

"Education doesn't make you e good leader," says a Matsishifa executive.

Tanii joined the Osaka-based manufacturers of National, Panasonic, Technics and Quasar

products in 1956. He spent six years in the company's tape recorder department before meving in 1972 into the field of video-cassettes. His work there earned him the title of Mr VCR, and Matsuchite the and Matsushita the number one spot worldwide in the production of VCRs.
Less talkative than Yama-

shita, Tanii says his business motto is: shopsoor and storefront before everything else. In other words, be aims to stay elose to production as well as the market.

Observer

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WARRINGTON-RUNG

IN BRITAIN Mrs Margaret
Thatcher may have her little
local difficulties. But if she
could boast inflation of under
2 per cent, steady export-led growth and a currency assumed to be on the brink of revaluation, she would fancy ber chances at the next election, in West Germany Chancellor Hel-mut Kohl can—and he does. The centre right coalition in Bonn has now been in office for over three years. The next federal election is still exactly 12 months away: yet right now. hardly a politician can be found who privately would give much more than a fig for the chances of Mr Johannes Rau, the opposition Social Democrat candidate winning in January 1987. Even Mr Helmul Schmldt, the former Chancellor, warned bim not to run last year. In the event, though, the call in the colours was loo strong to resist.
At the time too, Mr Schmidt's

advice might have seemed a trifle gloomy. It was, after all, delivered not long after the election last May in the state of North Rhine-Westphalia, where Mr Rau, as Prime Minister, handed the Christian Democrats of Chancellor Rohl their worstever defaat in the most populous and industrialised atate of West

Germany.

Until very lately, Mr Ran was running streets ahead of his running streets ahead of his rival in popularity polls. Mr Kohl was burdened by a string of scandals which ealted intuit doubt his abllity in govern—indeed, even today, according in at least one polling institute, his competency rating amone the population bovers around 35 per cept, barely half that of Mr per cent, barely half that of Mr Schmidt, even in his troubled later days of 1981 and 1982. good deal bas altered in Mr

to lead the CDU and its frac-tions partners, the Bavarian reality of Mr Rau, Christian Social Union (CSU) Second, the cycles and lead and the liberal Free Democrats (FDP) into the election. Second, the cycles and lead times of West German politics are long. The first CDU era lasted 17 years; before Mr Kohl

to begin a second four years in wait until 1991, at least, for a office next January. Even the real chance of returning to office next January. Even the sharp-tongued news magazine office.

Der Spiegel, no friend of any government in Bonn. has seems oddly leaderless and unresignedly switched tack to make jaundiced prognostications of the reshuffle that will follow victory.

The SPD would need to strike the strike of the security and defence. To return to power, the SPD would need to strike

jokes, and the sniping between CSU and FDP continues to pro-vide fodder for gigantic newspaper headlines, in turn re-some believe they will not even inforcing the impression of a win the 5 per cent required to less-than-decisive band at the gain seats in the next



Kohl: heading for a second four-year term

Suddenly Mr Kohl looks invincible

By Rupert Cornwell in Bonn

The incumbent Chancellor's press varied between the unenthusiastic and the miserable, and in the wake of North Rhine. Westphalia there was semiwestphalia there was remimeasured no longer against the serious talk of replacing him uncomfortable, still potent, with a more attractive candidate wemory of Mr. Schmidt, but flesh-and-blood

shortlived as the wretched took power in late 1982, the summer of 1985. Barring Social Democrats had ruled for calamity, which nn one dares 13 years, Tacitly, the SPD seems predict, Mr Kohl seems fated to begin a second four years in wait until 1991, at least, for a

So what then has changed? the SPD would need to strike A superficial glance might sugar a deal with the Greens, for gest not much. The Chancellor never has it won more than remains the butt of a thousand 45.8 per cent of the total vote. Yet this, Mr Raul says, be will not do, For their part, the Greens, too, have lost their way.

The same cannot he said of the Free Democrats, whose presence in Parliament is essential if Mr Kohl is to continue with his present coalition.
The FDP now oozes the ebullience and assertiveness of its leader of a year. Mr Martin Bangemann, the Economics Minister.

If the Chancellor has per-If the Chancellor bas per-

mitted himself to pick an apparently gratuitous fight with the unions over plans to tighten West Germany's strike laws, that is not merely because he senses it is promising terrain. For the FDP, in the forefront of the battle, the issue is beaven-sent, to galvanise its natural professional and small husiness electorate. But Mr Kohl also knows that even if the union affair goes wrong, it will count little against his real trump card, the conserver.

the economy.

Tomorrow Mr Bangemann is due to present his Ministry's annual report on the state of the economy—and as an election manifesto it could hardly be improved upon. Nor do analysts seriously quarrel with its likely contents. Every sign is that the campaign in earnest which starts

this autumn will ha fought against the background of growth likely to continue into 1987 and beyond, an Inflation rate down to 1.5 per cent, and rate down to 1.5 per cent, and lax cuts helping to generate an increase in real private consumption of perhaps 3.5 per cent this year. In other words, the benefits of the rigorous policies of Mr Gerhard Stottenberg, the Finance Minister berg, the Finance Minister will be flowing into voters' pockets at exactly the right

With every month that goes by, it becomes harder for the SPD to mount a credible assault on the Kohl Government's economic strategy. The weak point remains unemployment, which despite an expected slight decline in 1986, will probably still be over 2m at year's end. But the Opposition—thus far at least—has failed to come up with any convincing argument that it

could do better.

No wonder, then, that Mr
Stoltenberg is the most
esteemed politician in the country, as the polls unani-monsly report. No wonder either, that economic optimists outnumber the pessimists by 3 to 1 today, a reversal of the 2 to 1 supremacy of the latter

In 1983, the present Govern ment's first full year in office. But it is not only in his unshakeable optimism that Mr Kohl, bowever clumsily and imperfectly, reflects the mood of West Germany in the mid-1980s. He may not offer great excitement, but excitement is not what his country seems to want, Rather, as one political analyst remarked this week, the

If the "normality" theory is correct, implicit in it is a certain German patriotism, upon chord. A less intimidated stance towards Israel is one example, another was Bilburg.
His insistence that President
Reagan go through tast May
with his visit to the cemetery
where former SS soldiers are

buried was criticised as a needless embarrassment. In fact. Mr Kohl's stubbornness may have done something to defuse the constant accusation that the Chancellor is merely Mr Reagan's poodle.

Mr Reagan's poodle.

Perhaps two personalities best epitomise the more retaxed mood upon which the Chancellor thrives. Barely three years ago Petra Kelly, intense and committed, was the West German name on everyone's lips: Green prophetess of the doom which would arrive with Cruise and Pershing missiles.

The missiles, of course, have arrived for rather are still arrivingl, yet the superpowers are talking in Geoeva. The most now Boris Becker—youthful middle-class, uncomplicated and vastty successful: in short, the ideal symbol of the sort of Germany Mr Kobl would like to bead.

So what can thwart a CDU-CSU-FDP triumph in 1987? Economic reversal so soon is virtually inconceivable: rather. one likely event, a revoluation of the mighty D-Mark, can only add to the feelings of economic pride and achievement tand incidentally push inflation still

A scandal then? All that can be said is that its proportions will have to be epic, given those which have already bounced vainly off Mr Kohl's thick political skin. A third possibility is disaster at the most important state election this year, in Lower Saxony. But a repeat of North Rhine-Westphalia is improbable —and if precedent is anything to go by, a modest setback there for the CDU would be no more than the mid-term rule, and of little consequence for a later national vote.

All in all, it is an enviable position. With some justificaand detractors may put It down to luck; but then luck is the most Important political quality

The UK's manufacturing deficit doesn't matter

By Geoffrey Maynard

of the fact that the UK has oil's uorealistic and unsustain.

The Government's pursuance recently become a net importer able price level in 1979-82, it of tight monetary policy in 1979of manufactures, an apparently would not bave been economical pressure on the real exchange which government economic oil in the ground, particularly policy is seen to be responsible.

As North Sea production facilible the consecution of the Government for allowing this to bappen are often those who criticise it for allowing so much of the rent derived from UK North Sea oil to he invested ahroad rather than at home—curious because, if government policy had resulted much of the rent derived from UK North Sea oil to he invested ahroad rather than at home—curious because, if government policy had resutted in none of that rent being invested abroad, almost certainly the UKs net describ the UK's net deficit in manufac-tures would have been even For

In 1979, the UK was a net exporter of manufactures of almost £3bn. By 1984 the country had become a net country had become a net importer of manufactures of lover £3bn, a turnround of about £6.3hn. It will surprise no one that in the earlier year the UK was a net importer of mineral fuels, largety oil, of around £1.1hn and in the later year a net expressor of them of year, a net exporter of them of similar amount.

larger.

Whereas net imports of oil amounted to about 1 per cent of the UK's GNP in 1979, net exports amounted to around 12 per cent in 1984, a shift in relation to GNP of over 2; per cent. Manufacturing, however, shifted from providing net exports equivalent to 1.5 per cent of GNP to net imports of instance in the cent of the cent just over 1 per cent, or by 21 per cent in relation to GNP. The per cent in relation to GNP. The UK became somewhat less dependent on food imports in this period, reflecting the boost given to UK farming hy entrance into the EEC, but this also means that the UK now bas less need to export manufactures to pay for food.

What could bave prevented the UK from becoming a net importer of manufactures, given the onset of North Sea oil? Leaving aside the possi-bility of a significant decline in the UK's favourable position in invisibles, which seems unlikely, then either a policy of "keeping the bloody stuff in the ground" or one of ensuring that all the economic rent derived from North Sea oil production was invested abroad would have been necessary. The first of these alternatives, though it seemed to have the approval of at least one of the approval of at least one of the factures must be separated from at Chase Manhattan Bank and visiting UK's most eminent industria- the question whether the UK's Protessor at the Universaly of Regions.

MUCH HAS been made by politicians, industrialists and others of the fact that the UK has oil's uorealistic and unsustain. The Government's pursuance which government economic oil in the ground, particularly

> NET IMPORTS/EXPORTS AS PERCENTAGE OF GNP 1979 198 -1.16 -0.85 +1.72 +1.0 +t.48 -t.02 +2.45 +2.26 Current a/c bal -0.43 +0.29. - Indicates net imports: + indicates net exports. * Includes beverages. † Services, etc.

net manufacturing exports being necessary. In fact, cwing to the abolition of controls over external capital movements, getting oo for a balf of the UK's economic rent was invested overseas, yielding expost facto a substantial return now on although the UK will to the British economy.

Even if all North Sea oil economie rent had been absorbed at home, cuther in consumption or investment, it is most untikely that the transition to a net deficit position in manufactures could have heen averted. Admittedly, more spending at home might well have prevented the falt in the UK's net import of raw mate-UK's net import of raw materials relative to GNP—thus implying a smaller decline in the net manufacturing export position—bot it seems highly unlikely that expansion of the domestie economy could have prevented the UK from hecoming a significant net exporter of oil. (By 1983 over one-third of the UK's oil production was being exported.) The Govern-ment could have kept down the price of oil and energy in

avolded becoming at least temporarily a net importer of manu-factures must be separated from

rate, in addition to that imposed production in a period of world-wide recession precipitated by the 1979-80 oil price rise, nor the economic policy case for using a bigh exchange rate to

labour and capital productivity can be overlooked. However, a rational discussion of the opportunities and costs presented to the UK economy by North Sea oil and a critical evaluation of government economic policies are not helped by emotive references to the UK's manufacturing deficit, so beloved by some politicians and journalists and, regrettably, even by some economists.

pull down inflation and hring about a much needed rise in

UK North Sea oil production probably not return to being a net oil importer until close to the end of the century. Although repairiation of some overseas assets will make a short-term contribution to closing the implied gap in the UK's halance of payments, other (net) exports, in particular manufacturing exports, will have to make the major contribution in the long run. To belp bring this about, the UK's real exchange rate will have to fall,

The widespread fear that the UK no longer has the manufac-turing capacity to fill the gap left by oil is probably overdone. A much greater danger seems to lie in the difficulty of bringing about a necessary fall in the UK's efficiency real wages (that is real wages relative to produc-tivity) as compared with our major competitors. Failure to achieve this will mean that the price of oil and energy in general, thus encouraging its domestic consumption; but then it would bave heen open even more to the charge of wasting more to the charge of wasting anet exporter of manufactures again will be the result more of constrained real GDP growth than of rising manufactured exports.

Privatisation of water

From the Chairman, Water Panel, Confederation of British Industry

Sir, - David Kinnersley's article (January 15) on the privatisation of the water industry makes a number of telling points about various questions which the Government's expected White Paper will raise. He does not however, discuss the key underlying objectives of the changes involved in privatisation. It is important to get these clear, in order to establish the yardsticks by which the Government's proposals will be

further restructuring of the water industry should be to provide the nation with a better, more efficient and therefore cheaper service. To achieve this will require continuing invest-ment in the industry, a committed forward-looking work force dedicated to improvement and change, and a strong management with greater free-dom in the financing of capital

Water supply and sewage disposal are the most basic services to the community, in both the industrial and in the domestic sectors. For health and welfare reasons the services must be maintained at a high level of reliability at all times. industry will look for certain issues to be resolved satisfac-torily by the Government's proposals on the privatisation of

the water authorities.

The first issue is how to reconcile the profit motive, which will be the incentive to improve efficiency, with the absolute monopoly of the water industry. Strict price control and monitoring of the standard of service will have to be exercised to sofomulate the interests of all to safeguard the interests of all inevitably involve judgments on differential pricing between the industrial sector and the domestic, and between indi-vidual consumers within these different categories. Many of these judgments will concern the removal of cross-subsidisa-tion between one consumer and another and will thus have potitical avertimes. Satisfactory regulation of a privately owned monopoly utility has yet to be demonstrated in present day economic and social circum-

The water industry has its own particular problem arising from the management of a river basin. One of the elements in this task is the control of discharges into the rivers. Kinnersley points out that the water professionals would not want to lose this regulatory function if they are privatised. It has to be said, however, that industrial the said however, that industrial the said fairly as however.

Letters to the Editor

rivers from their own sewage Industry shares Kinnersley's view that ways will have to be found to ensure that a privatelyowned water business invests appropriately on items such as flood control which are of

benefit to the community at large rather than to individual consumers. These again are decisions with a strong political element. The Government's proposals will bave to provide the right

answers to these questions if privatisation of the water anthorities is to create the benefits that all sectors of the community are entitled to expect. A. R. Guy. PO Box 16.

345 Foleshill Road, Coventry.

Financial Services

From Mr W. Wilson. Sir,-Mr Cole (January 23) rightly points out that the "com-mercialisation" of the Patent Office entails the transfer of judicial powers of the State to an independent public corporation. Another extraordinary example of privatisation of example of privatisation of government is found in the Financial Services Bill under which wide legislative and administrative powers, backed by criminal and civil law sanctions, are to be transferred not merely to a public corporation, but to a limited company which "shall not be regarded as acting mm behalf of the Crown." The company and its members and officers are to be exempt The company and its memoers and officers are to be exempt from liability for damages for anything done in good faith in discharge of their functions. Rules and regulations, which would have been statutory instruments and subject to annulment by Parliament if they had been made by the Secretary of State, are to be

servinau peen made by the Secretary of State, are to be made by the company by "instruments in writing" and "made available to the public." It would not be so bad if this private little system of public law was to be imposed only on the City of London. It will, however, affect, not only financial institutions elsewhere

represented on the shadow boards which have already been

set up.

A more parochíal point is that it would appear that it is going to be very difficult for a person in Scotland affected by the limited company's activities to challenge these activities in the Scottish courts as the company will presumably bave no place of business in Scotland. A proper government agency of the normal type is subject to the jurisdiction of the Scottish courts but it would appear that in this case the small Scottish businessman may have to go to the expense and trouble of going to the London courts. This seems to be an unfortunate situation. As a Secretary of State for Trade and Industry said, however, in a moment of candour, Scotland is peripheral.

W. A. Wilson, 2. Great Stuart St. Edinburgh.

The costs of

protection From the Director of Studies, Trade Policy Research Centre Sir,-Mr W. N. S. Calvert of the British Footwear Manufacturers' Federation (January 22) makes certain specific criticisms of the estimates of costs of proof the estimates of costs of protection of non-leather footwear which appear in the study by Dr David Greenaway and Dr Brian Hindley. I will leave the reply on these points to the authors but the tetter also raises certain general issues that deserve a proper airing.

Anticipating just the sort of attack made by Mr Caivert the preface states "All estimates of costs are uncertain. Indeed, it costs are uncertain. Indeed, it is the nature of thesa instruments that costs cannot be com-puled with any precision. This

fact is sometimes used as a basis for objecting to the inevitable imprecision of any estimates of the cost of protection. But this is not an effecattempt to comp e the costs of covert protecti, assm hut, rather, against those respon-sible for introducing it." Such estimates must inevitably be imprecise, but that some ne may be unable to stafe the exact value of what has in taken from him does not mean that nothing has been taken. As is increasingly common, Mr Calvert also mentions the bogy of "unilateral disarma-ment." Such references to unisaid, however, that Industrial pany to deal fairly as between dischargers would not accept the mainstream institutions of lateral liberalisation of barriers regulation by privately owned the City and the fringe operation by privately owned the City and the fringe operations to trade as equivalent to unit D. H. V. Walton, lateral disarmament are discovered by the city and the city and the fringe operations are discovered by the city and the city and the fringe operations are discovered by the city and the city and the fringe operation to trade as equivalent to unit D. H. V. Walton, lateral disarmament are discovered by the city and the city and the fringe operation to trade as equivalent to unit D. H. V. Walton, lateral disarmament are discovered by the city and the fringe operation to trade as equivalent to unit D. H. V. Walton, lateral disarmament are discovered by the city and the fringe operation to trade as equivalent to unit and the city and the cit

and sellers who happen to re-side in different countries. The transaction occurs across fron-tiers because both the buyers and the sellers oblain more attractive terms than from domestic sellers of competing products or domestic buyers of their own products, respec-tively. From this it should be clear that if trade is war at all it is not hetween states, but rather within them - a civi war, in fact. All attempts to present the interests of specific industries as national interests deliberately obscure the central

Protection represents the suc cessful attempt of uncompetitive sellers to use the powers of the state to prevent con from making their preferred

Accordingly, the voluntary export restraint cannot be described as a defensive armament from the national point of view. As is noted in the study, what a voluntary export re-straint means is that the competitive exporter is compen-sated by consumers through higher prices fur not being allowed to supply consumers as much as they want. If this is defence, then it is of the Dane-geld variety and, what is worse, it is those whn suffer from the defence, not those who benefit from it, who have to bear the cost. Martin Wolf.

1 Gough Square, EC4

Aversions shared

30-98 Company Sir.-I fully share Mr B Smeed's disappointment (January 22) with the misuse of

From the Managing Director.

My pet aversion is the incor-rect use by politicians, indus-trialists, trade union leaders, TV commentators and even your professional reporters of the term "cash flow." Almost without exception they mean "liquidity" which is quite dif-ferent from the true meaning of cash flow which is retained profits plus depreciation. Liquidity is only one facet of commercial prudence and a trading company can be liquid without being profitable. On the other band cash flow requires profits.

Incidentally, what has happened to the adverb in the last 10 years? All the pundits now tell us "he won the race easier last week " or " the company is now getting its raw materials cheaper this year."

Unit 8 Victoria Gardens.

complete misunderstanding of what trade is about. Trade is not a war between states. That the CME'S NEW ECU FUTURES: not a war between states. That is the basic mercantilist fallacy. Correspondingly, protection is not a means of national defence. To state what should be obvious, trade involves a transyour protection should be too.

When you face exposure in more than one European currency, you need protection that covers a lot of ground. The European Currency Unit (ECU) futures contract at the Chicago Mercantile Exchange's International Monetary Market (IMM) gives you the coverage you need. it's the newest addition to the currencyrelated futures contracts at CME, where currency futures originated in 1972 Here's how ECU futures can help you keep your foreign currency exposure - and even interest rate risk - within manageable boundaries.

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Greece contracts such as Deutsche mark The ECU futures contract also makes an effective hedge for firms with exposure In European currencies without futures

CONTRACT SPECIFICATIONS **Hading Units:** ECU t25,000 US\$ per ECU \$0001 per ECU Minimum Prices \$12.50 per contract Price Limits: Contract Months Marc Jun, Sep. Dec Trading Hours: (Chicago time) 7.20am to 1.30pm Last Day of Trading: Two business days before the third Wednesday of

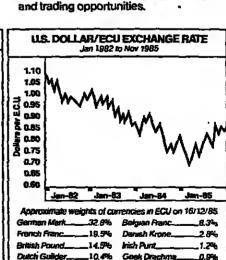
contract month Lest Tracing Day 7.20am to 9.00am Check with Clearing elivery: House for details

markets, or with illiquid or nonexistent forward markets in addition to hedging ECU-to-dollar

exposure, the CME's futures contract canbe used in conjunction with other CME currency contracts to hedge ECU price risk against other major world currencies such as the Japanese yen or the Swiss

The ECU is now the third most popular unit of account for new Eurobond issues. With ECU futures, issuers and investors can hedge receipts or payments from ECU demoninated notes or bonds, as well as the purchase and sale of these instruments.

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contract, for example, lenders and

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borrowers can lock in attractive interest

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influential exchange for currency trading,

and experience to ECU futures trading.

the CME brings the advantages of liquidity

The ECU futures contract's delivery

cycles and other contract terms

and Swiss tranc futures, and it has

means ECU futures at the CME offer

attractive spread margins. That

unparalleled arbitrage, spreading

are similar to those of the CME's

Protection that goes where you need it

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For more information about how the new ECU futures can help you protect yourself anywhere in Europe, talk to your broker or call Keith Woodbridge or Neil McGeown at Chicago Mercantile Exchange, 27 Throgmorton Street, London EC2N 2AN, Tel: 01-920 0722. Telex: 892577 IMMLON G.



FUTURES AND OPTIONS WORLDWIDE International Monetary Market

FINANCIAL TIMES

Wednesday January 29 1986



Weather boosts Exxon profits to \$1.8bn

By William Hall in New York

EXXON, the world's biggest oil company, yesterday reported a 26 per cent rise in fourth-quarter net income to \$1.8bn and increased its earnings per share by 34 per cent to \$2.43.

Colder weather resulted in increased fourth-quarter demand, especially for heating oil and European natural gas. Product margins improved as demand rose and the further weakening of the dollar lowered foreign raw-material costs,

For the full year, Exxon's net income fell 11.9 per cent to \$4.87bn and net income per share fell 4.8 per cent to \$6.46. Earnings in 1985 before special items rose by \$189m

to \$5.590n, or \$7.42 a share.
Earnings from US exploration and production operations in 1985 rose by \$110m to \$2.12bn. Foreign exploration and production earnings rose \$41m to \$2.82bn. Atlantic Richfield (Arco), the Los

Angeles-based oil company that on Monday reported a 5.8 per cent drop in fourth-quarter earnings from continuing operations to \$306m announced yesterday that it was temporarily suspending its \$4bn share buy-back programme announced last April.

The company, which is restruc-turing its husiness, said it was de-ferring the repurchase programme until it was satisfied that the outlook for crude-oil prices warranted continuation of the buy-back.

Arco, which currently has 181.5m shares outstanding, has completed 85 per cent of its original planned repurchase of nearly 55m shares for \$3.4bn.

After the suspension of the buy-back programme, Arco shares fell by \$1% to \$52% in early trading

Arco announced on Monday that it had made a \$164m after-tax provision to cover the cost of a proposed settlement of Department of Energy claims that it evaded price controls in the 1970s. The provision reduced its net income in the fourth quarter to \$142m, a 50 per cent drop from 1984.

For the full year, Arco reported a net loss of \$202m, or 94 cents a share, after taking substantial write-offs as part of the alre announced restructuring of the company.

Unocal, another Los Angelesbased oil group, reported a 54 per cent drop in its 1985 net earnings to \$325.1m. Earnings per share dropped from \$4.93 to \$2.36.

Unocal posted a \$134.7m loss in Unocal posted a \$134.7m loss in the fourth quarter against net income of \$153.4m a year ago. That was primarily a result of a partial writedown of its shale-oil project and sharply higher financing costs, which resulted from its successful defence against a hostile takeover bid from Mr T. Boone Pickens, the corporate raider.

German economy

Continued from Page 1

Following the Monday meeting, Bonn officials were also denying as "pure speculation" rumours that the value of the D-Mark might be raised in the European monetary system following the French parlia-

meotary elections in the spring.

Boan's optimism will have been somewhat dampened, however, by the results of a survey by the Munich-based IFO economic institute which show that manufacturers expect a worsening of the husiness climate in the next six months because of falling exports. Implicit in that result are fears that the domestic recovery, which the Govern-ment fervently hopes will cushion the effects of a slowdown in sales abroad, may not prove strong

World Weather

Editologi Fare Flowing Frenchd Geneva Gilcular Sangun Garvilary Rebinds H. Kong Joseph and Joseph a

Bank of Japan expected to lower discount rate

BY JUREK MARTIN IN TOKYO

committee meets today amid appar-ently growing confidence that it will authorise a cut in the official discount rate from 5 per cent to 4% per cent, with effect from tomorrow.

Although the central bank has remained cautious in its public utterances, officials have not denied a common belief in the markets that if the yen could hold its new higher value in the first part of this week a discount rate reduction would

So far it has done so. On Monday morning the local currency opened around the Y195.75 to the dollar mark reached in New York last Friday. Yesterday it closed at 195.40, up 0.30 on the day. At one stage it fell below 196.00 but quickly rallied.

A unilateral move by the Bank of Japan, which prefers to take its

would be portrayed here as an at- forced to close down. tempt by Japan to show its international economic responsibility to moving to stimulate the domestic

The latest figures produced yes-terday by the Economic Planning Agency, covering the leading and coincident indicators for the month of November, offered mixed signals. The EPA cautiously said that though the economy had clearly slowed down since last summer, slowed down since last summer, a pick-up in activity was still possible. But a survey by the Ministry of International Trade and Industry (Miti) of small, export-oriented companies suggested that the damage from the higher yen has been considerable. It said that about 10 commanies, making chinaware terror

THE BANK OF JAPAN'S policy lead from the US Federal Reserve, and spectacle frames, had been

It forecast that if the yen held at the Y190 to the dollar level there would be more widespread bankruptcies and closures, and shorttime working.

Last month, the Government extended its emergency assistance programme to small and mediumsized industries (with less than 300 employees and no more than Y100m in capital) from Y100bn to Y300bn.

An individual company in distress may borrow up to Y80m from this fund at a preferential rate of 5.5 per cent, or 1.3 percentage points below the current long-term prime rate. Miti officials estimated yesterday that about Y100bn of the facility companies, making chinaware, tex-tiles, cheap toys, cigarette lighters weeks.

More layoffs, slower growth predicted by UK employers

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

is facing slower growth in both output and orders and is likely to lay off a further 20,000 workers during the first four months of this year, the Confederation of British Industry said yesterday.

In its latest Industrial Trends Survey, the employers' organisation says that manufacturers appear un-certain about business prospects but several factors point to a slowing in the pace of economic growth.

Manufacturing companies responding to the survey reported the first decline in new orders since 1983, while the rate of increase in output had slackened and there were signs that companies were tunning down their stocks.

There has also been a significant rise over the last six months in the proportion of companies citing a pean Monetary System.

BRITAIN's manufacturing industry shortage of orders or sales as a con-is facing slower growth in both out-straint on output. The CBI survey shows that the expected decline in employment,

Mr Wigglesworth also highlighted what he termed the fierce, com-petitive pressures being faced by British companies on world markets, which he sad were being exacerbated by the much higher interest rates in Britain than elsewhere.

The recent fall in the value of the pound would, if sustained, provide some help for exporters, but companies were increasingly concerned about the volatility of exchange rates and would like the Government to take sterling into the Euro-

Introducing the survey, Mr David averaging 5,000 a month, is likely to Wigglesworth of the CBI said that be concentrated in large companies there seemed little prospect of the where investment is still geared prirecovery grinding to a hait. But for marily to labour saving. Small some months now our growth has firms, however, were likely to take been slowing and that must be a on extra workers.

Mr. Wirelessent below to the where investment is still geared primarily to labour saving. Small firms, however, were likely to take on extra workers.

Manufacturing companies are indicating some resurgence of cost and price pressures from the low levels reported in the last survey in October, but the CBI says that there is no sign that these pose a threat to lower inflation.

The CBI's staff forecasts suggest that the annual rate of increase in producer prices will fall to 4.5 per cent over the next few months from the 5.5 per cent recorded in 1985.

Goodrich and Uniroyal plan to merge their tyre businesses

It will have substantial interests

tween the two groups had been go-

Continued from Page 1

they did not expect any pr on these grounds in the present climate in Washington, where the sensitivity to declining US competitiveness has been growing rapidly under the present administration. The new company will be called

Uniroyal-Goodrich Tire and will have sales of about \$2bn, ranking it next in the US to Goodyear, the largest tyre company in the world, which had revenues last year of \$10.3bn. Uniroyal-Goodrich also claims that it will be larger than Firestone in the tyre business proper, although Firestone's overall

sales last year amounted to 54bn. In the world industry, Michelin, with revenues of \$5.1bn, is also larger, but the new company will be roughly the same size as Pirelli of Italy and Bridgestone of Japan.

The combined group will have around 21,000 employees and equity who made considerable profits out of buying into both groups last year, and influenced the decision to of about \$500,000. Its principal activities will be in the field of car and light truck tyres, with Goodrich bringing into the combination a healthy position in high-perfor-

Since Mr Icahn's initiative, Firestone has gone private in a management leveraged buy-out financed by mance products and the after-maralmost \$1bn of debt, and is now dis-cussing the sale of its chemicals diket, while Uniroyal contributes an exceptionally strong interest in original equipment tyres for Genvision with a number of possible buyers. After the sale of this division, expected to raise around \$800m, Uniroyal will be left as a small chemicals manufacturer with in Mexico, where it is expected to be the largest tyre manufacturer, and in Canada. its \$250m investment in the tyre side carried on its books as an in-Mr Joseph Flannery, chairman of

Uniroyal, said that discussions be-Goodrich has similarly slashed ing on for some time. He denied that the investments by Mr Carl investments in its plastics activities in recent years and has rationalised Icahn, the Wall Street speculator its tyre activities.

Space shuttle explodes

eral Motors.

Continued from Page 1

A catchy popular song had been written to honour her adventure, and more than the usual number of people had flocked to the Florida launch site to wish her bon voyage. Among those watching, from an observation post three miles away, were her parents.

As the TV screens remorselessly

played and replayed the video of the explosion, they interspersed it with film of the parents faces as they watched the disaster unfold. Their reaction mirrored that of the nation, incredulity turning to horror and then grief.

Mr Reagan, who was told the news by Mr Bush and Admiral

John Poindexter, the National Se-curity Adviser, watched a television

replay in "sturmed silence," the White House said. The European Space Agency (ESA), which builds Ariane, the rival commercial sattelite launcher, said the loss of Challenger was a

disaster for space in general, and as ESA is in space, a disaster for us.

In a telegram to President Reagan, French President Francois Mitterrand, expressed his "profound emotion" at the news

• The life of Mrs McAuliffe, the teacher who was on the shuttle, was insured with Lloyd's of London for \$1m, Lloyd's said last night. But placed with the Lloyd's market in respect of any major items of equip-ment on Challenger.

Mission Control falls silent Continued from Page 1

based No Greater Love Project which is remembered for its "yellow ribbon" morale-boosting campaign during the Iranian hostage crisis.

Yesterday morning at Mission Control even after news of the differ on crash swept across the city, journal-ists were still greatly outnumbered by the school parties who day after day troop around the centre's cam-pus and its relics of America's

greatest days in space. The flight had been subject to problems and delay all week. Windy weather caused one cancellation after which the seven-person crew was briefly trapped inside the space vehicle as workmen struggled to

Thatcher 'has nothing to add'

MRS MARGARET THATCHER, the UK Prime Minister, yesterday attempted to bring the Westland affair to a close despite opposition at-tempts in the House of Commons to press criticisms of her record, writes Peter Riddell, Political Editor, in London.

There was a general feeling of re-lief among both ministers and Conservative MPs that the worst of the affair might now be over. Conservative MPs jeered whenever the subject was mentioned during Prime Minister's questions, though Mr Neil Kinnock, the leader of the opposition, and other Labour MPs argued that there were still important questions to be answered.

In the face of opposition protests, Mrs Thatcher repeatedly insisted

speech of Monday, particularly in relation to the controversial circum-stances of the leaking of part of a letter from Sir Patrick Mayhew, the Solicitor General, to Mr Michael Heseltine, then Defence Secretary, on January 8.

Opposition leaders privately concede that one phase of the affair has now finished and that the emphasis will switch to inquiries by House of Commons committees. A clash is likely between these committees and the Government.

Ministers conceded yesterday that there were lessons to be learned from the affair. Mr Douglas Hurd, the Home Secretary, said on a radio interview that it was important that there should appear to be discussion in cabinet and that Cabithat she had nothing to add to ber net government should be a reality. region.

estimate. sought for cost of Nimrod By Bridget Bloom, Defence

'Realistic'

Correspondent, in London

AR GEORGE YOUNGER, the UK Defence Secretary, will tell top ex-ecutives of Britain's General Electric Company (GEC) today that he is considering cancelling the con-troversial Nimrod early warning

GEC Avionics has developed the complex electronics and radar sys-tems for the Nimrod aircraft, which as already cost the Defence Ministry nearly £1bn (\$1.4bn) and is hree years late entering service.
The principal reason for the cost verruns and delay is the failure of the avionics to work to the satisfacion of the RAP.

Mr Younger is expected to tell Mr James Prior. GEC chairman, and Lord Weinstock, managing director, that the company's latest estimates that the company's latest estimates for completing development on the system are unacceptable. That would confirm the message delivered previously by Mr Michael Heseltine, Mr Younger's predecessor, who resigned this month because of the Westland affair.

The precise estimates are disput ed. The Defence Ministry says that GEC suggested it would cost £430m and another three years to complete the work. The company says the sum is £345m, not including vale-added tax and the finance charges that would be involved in the new proposed fixed-price contract

Mr Younger is expected to give the company a last chance to produce what the Defence Ministry considers more realistic estimates before he seeks Cabinet approval to eek alternatives.

Mr Younger, however, has no guarantee that even with the extra funds and time required, Nimrod will eventually work to what the RAF terms the necessary minimum operating capability.
The BAF believes that even if

that standard were reached, an ad-ditional sum of perhaps £200m-£400m would then be needed to bring the aircraft to the standards that would be required in the late 1980s to plug the gap in Britain's air

Mr Younger is under pressure from the RAF to come to an early decision. The RAF would like to buy and control system) aircraft. Two other US aircraft, the Hawkeye operated by the US Navy and the Orion PC3, might also be considered. There was no detailed commen

from GEC last night. It has been suggested that GEC might not be averse to cancellation but yesterday Mr Prior, a former Conservative Cabinet minister, said emphatically that GEC wanted to reach an agreement with the De

fence Ministry. Mr Younger is also believed to fa your a speedy decision, although in the wake of the Westland crisis, he is being careful to keep the Cabinet informed of what be is thinking and to seek Cabinet approval for all actions in the lead op to possible cancellation, a decision which itself could only be taken at Cabinet. could only be taken at Cabinet

If he does decide, as a result of today's meeting, that alternatives should be examined, his next step would apparently be to seek formal estimates from Boeing and other US companies.

Peres and Kohl Mideast peace

MR SHIMON PERFS, the Israeli Prime Minister, ends three days in West Germany today with a visit to Berlin, having apparently failed in Bonn to secure full backing for his attempts to negotiate a Middle East peace with King Hussein of Jordan, writes Peter Bruce in Boun.

Mr Peres and Chancellor Helmui Kohl met for three hours here yesterday and then again for dinner At a pre-dinner news conference, the Israeli leader, who has been received in Boon with the honours usually accorded to a head of state. said West Germany had been "helpfull in securing a place for Israeli agricultural products in the EEC despite Spain and Portugal's entry into the community.

He said he and Chancellor Kohl had discussed ways of dealing with international terrorism and, in an implied criticism, said there should be "more co-ordination and more co-operation" in the Western European anti-terrorism effort.

Over dinner, Chancellor Kohl warned Mr Peres, whose current peace efforts centre largely on King Hussein, that the only compromise which would lead to a lasting and credible peace in the Middle East would be one which included all states and all affected people, inTHE LEX COLUMN

The Racal's progress

It is a mark of the battering that Racal has given its shareholders over the past year that by yesterday the City of London was softened up sufficiently to take a halving of in-terim profits without so much as a whimper. Indeed, expectations had been so carefully lowered (since the umpleasant surprises which leaked out last October) that pre-tax profits as low as £23.2m acted yesterday

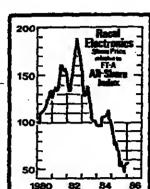
as a signal to mark the shares up 10p, to 180p.
As predicted, Racal has yet again suffered disaster in its US data communications business, where it is now estimating that profits this year will drop £45m short of the figure for 1985; in a group which made £132m altogether last year, that is a large hole. If Racal had gone on to forecast a routine rise in reported profits for the full year, there would have been few takers. More credibly, Racal has concentrated on making a case for a recovery in the following year, when its investment in cellular radio is coincidentally budgeted to produce a modest profit. The interesting question for the market, which was listening a year ago to talk of a better trend in mo-

dem orders, is whether the opti-mism is any better founded this So far as costs are concerned, Racal was able to be reasonably con-vincing. Culling a fifth of Florida workforce, to save \$15m in the year to March 1987, Racal has given it-self a chance of braking even in Milgo on flattish sales, the risk that the market will worry about is the vulnerability to continued soggy de-mand. Regiments of consultants and US Government agencies may

whistle; they do not guarantee a healthier trend in the market place. Of course, Racal may at last be due for a change of hick - and one is probably needed to validate some of the straight-line growth plans that were on show yesterday. Either way, there were people in the City thinking the shares were cheap enough to buy in size, with thoughts of recovery or takeover now limiting the possible losses.

Mercantile House

Mercantile House belongs to that shi select band of companies - Exco and J. Rothschild Holdings are the



for cash and are now on the best of collapse in the putative entry fee terms with their bank managers, more or less reflects the attractions But, while Rothschild abandoned of membership in any area except,

ber were up 19 per cent at £32.7m –
and the share price dropped 18p to
278p. But for the income support of
a 7.3 per cent prospective yield and
the recognition that break-up value
might be around 400p after a bid,
the share price would no doubt be
the share price would no doubt be
the share price would no doubt be profits for the six months to Octo- way of UK private clients who need

Mercantile's earnings outlook is admittedly rather uncertain and it conceded as much yesterday in its statement. The London discount house will not make a proper return dollar profits may be reduced on translation and the return on the sale of Oppenheimer will not quite match the contribution which the business would otherwise have made. The high ACT element in the tax charge suggests that Mercantile is none too profitable in the UK and, as if all that were not enough,

for one reason or another bought fairly pessimistic view of the see of how the exchange is being forced companies with equity, sold them ond half, Mercantile should make to change.

\$56m over the full year, leaving the shares on a multiple of well under f) eight times fully diluted earnings. In the absence of a bid, the shares may not make much progress. But, with cash balances accounting for almost ball the group's capitalisa-tion, the market would appear to have discounted all but the very

London SE

Last year's debate over the terms for admitting foreign securities houses to the London Stock Exchange is now recognised to have been just so much hot air; and the its strategic plan and Exco never as in the new gilt-edged market, ventured one, Mercantile has at where access to securities is conleast stayed true to the idea of estrolled. Members of the Isro can tablishing an integrated financial justifiably complain that nobody services house in London. really noticed their vast and liquid Not that the consistency of its markets in Eurobonds or internaplanning has won the company tional equities in London until the many friends in the equity market, need for blanket regulation was Yesterday, Mercantile produced a dreamed up; after all, it is not as if reasonable set of interim results — the likes of Nomura have much by

tors fear - outlined again in Birmingham last night by Sir Nicholas Goodison - of a sort of Gresham's Law operating among the Self-Reg-ulatory Organisations; but there must be a limit to the number of until interest rates move back times a securities house can toler down, commission rates have ate opening its books to different ate opening its books to different rities business, deposit broking rates in London have been freed, change is not tempting enough to change is not tempting enough to prevent the international equity markets draining out the ex-change's domestic trades, the exchange has the Maxim Gun, or rather a tape, and the Isro has not.

Of course, it could be that these arguments will look old-fashioned in a week or two and capital, rather () the group is facing possible start-up than regulation, will once again be losses from its gilt-edged dealer- the greater force moving markets. However, Sir Nicholas's statement So it is scercely surprising that last night that the exchange was other prominent members - which side of caution. But, even taking a emption right is a further reminder

The No.1 Unit Trust.

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01-236 3885 (6 lines).

*Offer to bid 12 months to 1.1.86 net income reinvested. Source: Planned Savings. Mercantile House Group







SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday January 29 1986



Warner Lambert earnings up 9%

By William Hall in New York

WARNER-LAMBERT, the US healthcare and consumer products group, yesterday reported a 9 per cent rise in 1985 net income per share before non-recurring charges, to \$3.05, and forecast that its first quarter 1986 earnings per share would be at least 12 per cent ahead.

Tha group's net income in 1985 rose by 6 per cent to \$238m. However, a \$553m after-tax charge to cover a restructuring of its busi-ness, which had been announced in November, resulted in a net loss of \$316m, or \$4.05 per share. In 1984 the group earned \$223.9m, or \$2.81 per share.

Mr Joseph D. Williams, the group's chief executive, reiterated an earlier forecast that Warner-Lambert would show double digit growth in earnings per share in 1986, and that when the planned sale of the three busines nounced in November, is completed, the return on equity will be boosted from 16.5 per cent to 28 per

in 1985 sales rose by 1 per cent to \$3.2hn. But sales from continuing businesses rose by 5 per cent to \$2.8bn and are expected to reach \$3.1bn in the current year.

which in October agreed to huy quarter from \$286m to \$237m.

Texas Oil & Gas for about \$3.65m,
had reported profits of \$493m or
\$3.52 in 1984. It attributed the 17 per \$4.65m to \$4.73m in the lourth Worldwide sales of prescription pharmaceuticals increased 7 per cent to \$880m in 1985, and the company estimates that at constant excent drop in profits last year to quarter change rates the sales increase would have been about 11 per cent. significant price deterioration in its Worldwide sales of non-prescrip-tion products increased 11 per cent in 1985, and were particularly strong in the US where several new products were introduced. Non-prescription sales would have been up by 15 per cent at constant rates of

Strong move into black at Champion

By Our Financial Staff

CHAMPION International, a major US building materials, paper and packaging group, bounced back into the black in 1985 with net profits of \$163m or \$1.59 a share, compared with a loss in 1984 of 55m.

In the fourth quarter of 1985, the Connecticut-based group made net profits of \$38.1m or 37 cents a share, in line with Wall Street expectations. In the 1984 final quarter the company had a loss of \$115m atter a \$150m restructuring charge.

Sales in 1985 rose from \$5.12bn to \$5.77bn, reflecting the first full year so. This, renecting the first full year contribution from St Regis, acquired in late 1984. In the fourth quarter, however, sales fell from \$1.69bn to \$1.19bn.

The company said 1985 results were hampered by the strong dollar which spurred imports and contributed to poor prices.

The paper business lifted operating income from \$309m to \$401.3m in 1985, despite a fourth-quarter downturn. The increase was due primarily to tha inclusion of earnings from former St Regis units.

Packaging profits dropped from \$69.5m to \$21.9m in 1985, as prices for cootainers drifted lower. Lack of exports in the linerboard segment pushed domestic stocks higher, but the company says the business may finally have bottomed out.

In the restructured building products segment, by contrast, operat ing income jumped from \$23m in 1984 to \$86.9m, with reasonable ply-wood prices offsetting weak lumber

Screg doubles loss estimate

By Our Paris Staff

SCREG, the large French road construction group, has doubled its es-timate of 1965 losses to FFr 1.4bn (\$165m) from an earlier forecast of

Originally the company, which lost FFr 50m in 1984, was expected to lose FFr 300m last year. At the same time Mr Jean Pierre

Bussiere, chairman for the past 15 years, has resigned and is being re-placed by Mr René Augerean, a vice-president of Bouygues, France's leading construction

Bouygnes has acquired a 9 per cent stake in Screg with an option to buy a further 17 per cent by the end of June. Should the group de-cida to exercise its option, it will become the single largest shareholder of Screg with effective control.

Bouygues had not until now been involved in any significant way in the road construction market, Screg's main activity.

FINANCIAL PERFORMANCE STILL SUFFERING FROM EFFECTS OF BELL BREAK-UP

AT&T shows 14% profit gain

AMERICAN Telephone & Tele-graph (AT&T), the core US telecomtions company which resulted from the break-up of the regional Bell system two years ago, yes-terday reported a 13.9 per cent rise in 1985 net profits to \$1.56bn. Mr Charles Brown, the chairman, said, however, that "the difficulties

of rebuilding from divestiture persist and consequently our financial performance continues to fall short of our expectations." But ba added: "Wa have no reser-

vations about the company's strateric direction." The net earnings for the year - in ware development, depreciation per share terms \$1.37 against \$1.25 and pensions which together buoywere achieved on a 5.2 per cent ed per share aarnings by 3 cents.

US STEEL, the largest domestic

for 1985, with a "continued strong performance" by Marathon Oil

The Pittsburgb-based concern,

rise in sales to \$34.91bm. Tax charges took a far steeper \$963m compared with \$581m, although borrowing costs came down to \$692m from \$868m.

The profits improvement came despite a slight dip in the final quarter, to \$364m or 32 cents a share against \$370m or 33 cents per share. Revenues for the period rose \$4 per cent to \$2.12m. 8.4 per cent to \$9.12bn. AT&T said, moreover, that the resuits for those three months had the benefit of a new \$29 arising

from differences in charging soft-

Marathon Oil result bolsters

operating income fell in the fourth

In the steel and related resources

business, the company reported op-

Nitro Nobel had sales of SKr

495m in 1984 and operating earn-

ings of SKr 44m. It has a workforce

If the acquisition goes through as

planned Dyno will also take over

Nobel Industries production plant in northern Sweden for ratric acid

and ammonium nitrate, two of the

major raw materials for explosives.

cent owned by Norsk Hydro, the

Norwegian energy, fertilisers and

Dyno Industrier, which is 50.5 per

sagging US Steel profits

steel producer, yesterday reported earned \$57m or 25 cenus a compared with a profit of \$29m a net profits of \$409m or \$2.56 a share compared with a profit of \$29m a year earlier and down sharply from year earlier figure of \$100m. In

overshadowing weak results in the 1984 fourth quarter there were

most of the company's other no per share earnings after pre-businesses.

Dyno in talks to buy

DYNO INDUSTRIER, the Norwe- vision of Hercules, the US chemi-

explosives company

gian explosives, chemicals and plas- cals group.

of Nobel Industries of Sweden in a of around 1,000. deal worth between SKr 400m If the acquisit

last year it bought the explosives di- explosives.

tics processing group is negotiating the takeover of Nitro Nobel, the

commercial explosives subsidiary

Dyno has expanded rapidly in

two years as a result of two impor-

tent acquisitions in the US, where it

now controls 35 to 40 per cent of the

commercial explosives market.

(\$53m) and SKr 500m.

per cent in the fourth quarter com-pared with the same period of 1984. while turnover in its product output was up 10.8 per cent. For 1985 as a whole, the growth rates were reversed, with services showing a rise of 9.4 per cent and products 18.3 per

> The company said the rise in service revenues came in spite of cuis in interstate and overseas call charges. This was because of new facilities offered as well as an expansion in the total market.

Results from GTE, the country's largest telephone system outside the Bell network, confirmed the

erating income of \$27m in 1985 on

sales of \$6.6hm, compared with \$142m on sales of \$8.5hm in 1984.

Shipments rose from 11.8m tons to

12.5m tons in the year, and from

2.52m tons to 3.16m tons in the

of 1934, on sales of \$10.50n, com-pared with \$10.2hn a year earlier. Operating income from the com-

pany's other industry segments

dropped from \$148m to \$48m in the

Sales of AT&T services grew 19 heavy charges to be taken as a result of joint ventures announced earlier this month with United Te lecommunications and Siemens.

> After write-downs of \$1.3hn or \$8.20 per share, the fourth quarter emerged \$1.01bn in deficit (a \$4.90 loss per share) compared with net earnings of \$243.3m or \$1.15 per share in the final period of 1984.

For the year as a whole tha loss was moderated to \$161.1m or 95 cents per share, against earnings of \$1.13bp or \$5.55 a share. Sales were up 8.1 per cent to \$15.73bn while for the final three months alone reve-nues showed a 9.3 per cent rise to

BNA wins right to

lift capital

SHAREHOLDERS in Banca Nazionala dell'Agricoltura (BNA), Italy's largest private sector bank, have approved an increase in the bank's In contrast the oil and gas seg-ment had pre-tax operating income of \$1.270m in 1985, even with those capital by L228hn (\$139m) in new

BNA is Italy's eleventh largest bank. In 1984 it had total deposits of L21.490hn. The institution is controlled by the family of its chair man, Count Giovanni Auletta

Under the measures approved by shareholders BNA is to increase its nominal capital from L81hn to L85.5bn by means of a free issue of new shares on a one-for-16 basis.

The bank will then make a rights issue of savings shares which will take the bank's nominal capital up to L114bn. Shareholders will be offered one new savings share for every three ordinary or preference shares held. The 57m new shares

Sandoz signs \$200m deal to buy US agro-chemicals group BY JOHN WICKS IN ZURICH

SANDOZ, the Swiss chemicals group, has signed an agreement with the Chicago company Farley/ Northwest Industries to buy its agro-chemicals subsidiary Velsicol Chemical for \$200m.

Velsicol, also with headquarters in Chicago, is best known for its berbicide Banvel, one of the leading weed-killers used by US maize and

Although no figure is being re-leased for this and other Velsicol

sales "for reasons of competition," a ed turnover totalled SFr 8.45bn last Sendoz spokesman confirmed the acquisition would strengthen that level of SFr 411m. group's agro-chemicals

In 1985, this division had shown a per cent increase in turnover to 600m (\$295.6m), excluding the SFr 710m sales booked by the seeds sector. In terms of local currencies. growth had been up to 21 per cent. The transaction is a relatively large one for Sandoz Its consolidat-

year, with earnings up on the 1984 It means a further strengthening of Sandoz's position on the US mar-

ket which accounted for some 30 per cent of group turnover in 1984. This share has since been expanded by the takeover last April of the building chemicals manufacturer Master Builders, of Cleveland, with annual sales of \$150m. This latter acquisition cost Sandoz \$190m.

Dresdner Bank raising DM 1bn

BY JOHN DAVIES IN FRANKFURT

DRESDNER BANK, West Germany's second largest bank, is raising more than DM 1bn (\$414.6m) in funds through a one-for-14 rights issue of shares and a bond issua with

It has also announced that the management will recommend that the supervisory board increase the dividend on last year's result. The bank paid DM 7.50 on its 1984 redividend on last year's result. The November. bank paid DM 7.50 on its 1984 results, but has not indicated how 660m in its share issue and DM

Dresdner is following soon after Deutsche Bank and Commerzbank in tapping the capital market for a considerable volume of funds. Commerzbank announced last week it would raise DM 900m in a rights issue while Deutscha raised more than DM lbo in a rights issue last

high the dividend might be for last 400m in its bond issue with at-year. 400m in its bond issue with at-The new shares will be offered at a price of DM 330 each, compared with a closing price of DM 415.50 on the Frankhuter stock exchange yesterday. The bond issue with warrants will be offered in a five-for-17

> All the so-called "big three" commercial banks enjoyed buoyant profits last year, although final re-

Suez lifts consolidated surplus to FFr 1.2bn

COMPAGNIE Financière de Suez, the French state-owned financial and industrial group, increased its net consolidated profits last year to at least FFr 1.2bn (\$159m), up from FFr 1.04bn in 1984. The final 1984 profit was reduced to FFr 705m because of charges linked to the group's progressive sala of its former 40 per cent stake in the Credit Industriel et Commercial banking

Parent company net profit last tres party year came to FFr 660m compared by the Su with FFr 390m in 1984, made up of Indosuez.

FFr 270m in current earnings and FFr 390m in capital gains from

Suez holdings.
Mr Jean Peyrelevade, chairman revealed the 1985 earnings figures at the same time as the announcement of a FFr 1.8bn equity-raising and stock-conversion package through a new issue of non-voting preference shares (certificats d'investissment). The funds will be raised partly through exchange of CIs for non-voting loan stock (fitres participatifs) issued in 1984 by the Suez banking arm, Banque

Bull to show 'small profit'

By Paul Betts in Paris

BULL, the nationalised French computer group, will show a small profit in 1985 after three years of neavy losses, Mr Francis Lorentz. the state group's managing direc-tor, said yesterday at the launch of a new microcomputer in Paris.

The profit for 1985 is expected to total about FFr 20m (\$2,74m) and follows losses of FFr 1.3bn in 1982, FFr 825m in 1983 and FFr 489m in 1984. The return to the black reflects a sweeping reorganisation and restructuring programme. Bull's sales are expected to show an increase of 16.5 per cent to more than FFr 16.1bn last year

Global Marine files for Chapter 11 in US

In 1984 it took over Ireco, the ex-plosives unit of the Houston-based of around NKr 3.5bn, of which Gulf Resources and Chemicals, and around half was in commercial

BY OUR NEW YORK STAFF

ond-biggest offshore drilling con-tractor which has been struggling for months to reschedule its \$11m borrowings, has filed for protection under Chapter 11 of the US bank-

ruptcy code.
The Houston-based company, which has one of the most modern drilling fleets in the industry, is the first major casualty of the recent drop in world oil prices. It blamed the continuing downturn and wors-ening of conditions in the offshore drilling industry for its action.

Global, with its 34-rig fleet, is operating in most of the world's major offshore oilfields. Its decision to file for bankruptcy court protection un-

BY DAVID MARSH IN PARIS

INSTITUT de Developpement In-dustriel (IDI), the French Govern-ment-backed industrial develop-

ment agency, is to pay a dividend to shareholders for the first time in its

15-year history after making a FFr

Mr Clauda Mandil, IDI chairman,

announcing the results yesterday,

said the institution now had the capacity to make profits and to main-

tain a rhythm of new investment at

around FFr 200m a year during the

40m (\$19m) profit last year.

GLOBAL MARINE, the world's sec- following the sharp drop in oil

has just completed a major expansion of its fleet.

any cutback in activity because it

shares, which used to trade around \$36 in the early 1980s, have recently been trading at \$1%, capitalising the company at a nominal \$40m.

derlines the severe pressure facing many companies in the oil services industry where activity has fallen fourth-quarter loss of \$112m

agree to a debt rescheduling. Its

IDI to pay first-ever dividend

IDI, owned 45 per cent by the state, and 11.4 per cent by Electri-

cité de France, with the rest held by

banks and financial institutions, has switched emphasis consider-

After being called upon by the So-cialist Government to inject funds

into a variety of loss-making com-

panies - including the textile group

Boussac - IDI since 1984 has been

allowed to concentrate on its origi-

nal mainstream business of taking

minority stakes in promising small

ably during the last two years.

It stopped paying dividends early last year and suspended principal and interest payments oo its \$1bn debt last July in an apparent at-tempt to pressure its lender to

About two thirds of the company's debt is owed to foreign banks and export credit agencies in Cana-

Merck tightens margins in

final quarter By Terry Dodsworth in New York

group, registered a 10 per cent increase in net profits last year, main; thus raising 1998.

It because of better cent increase in net profits last year, main; thus raising 1998. ly because of better cost controls, productivity gains and an improved

product mix. Net income rose to \$539m, or \$7.58 a share, from \$492m, or \$8.71, \$3.55bu from \$3.56bn - the result of the sale of two subsidiaries, Calgon Carbon and Baltimore Aircoil

In the fourth quarter earnings rose to \$134.4m, or \$1.92 a share, from \$115.6m, or \$1.59, as sales dropped to \$958m from \$962m. In both periods earnings per share benefited from the group's share repurchase programme carried on through 1984 and 1985.

Over the full year foreignexchange moves had a negative impact on sales of 2 per cent, but the slide in the dollar during the final mes favourably by 4 per cent. Over-seas sales came to 45 per cent of the total in 1985. quarter of the year affected reve-

In the human and animal health products segment of Merck's business, unit volume increase resulted from the inclusion of Banyu Pharmaceutical of Japan in the consolidated results since the fourth quarter of 1984. At the same time the figures were helped by the introduc-tion of a number of new antibiotics.

Monsanto loss MONSANTO, the US chemicals group, mada a net loss of \$98m in 1985. The figure was inadvertently given as a profit of \$93m in the artigroup in the International Appointments section on Monday.

Mr Mandil, who took over in Jan-uary 1984, said IDI might eventual-

ly consider floating its own shares

on the bourse, although it would

need to make considerably more

profits. The option would not be ex-plored before three or four years,

Of last year's profit, FFr 8.7m will

be distributed in dividends with FFr 11.3m added to reserves and

FFr 120m used to clean up the bal-

ance sheet, burdened by years of

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Swiss Bank Corporation International Limited

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Manufacturers Hanover Trust Company

Moet plans one-for-five scrip issue

and medium-sized companies.

BY OUR PARIS STAFF

MOET-HENNESSY, the leading it expected the group's pre-tax earn-year, increasing by 12 per cent dur-French champagne and cognac ings to rise 25 per cent in 1985 coming 1984. Champagne and wine group, is increasing its capital by pared with the year before. Pre-tax sales rose 2.3 per cent to FFr 3.355m, FFr 49.6m (\$6.7m) through a scrip earnings in 1984 totalled more than while cognac and spirits sales rose FFr 49.5m (\$6.7m) through a scrip issue involving one new share for

every five shares held.

Year pre-tax profits amounted to 2.45bn.

The Moët-Hennessy board has alevery five shares held. so decided to pay a net interim dividend of FFr 9 a share. It confirmed group sales totalled FFr 7.65bn last per cent to FFr 1.43bn.

FFr 1bn and in the first half of last by more than 14 per cent to FFr

FFr 563m. The group's Parliums Christian
The company said consolidated Dior substitury saw sales rise by 16

We are pleased to announce the election of

the following as officers

of our Corporation

Vice Presidents

VALERIE COUFOS-BACHRACH (New York) YOSHIHISA FUNAYAMA (Tokyo) RODOLFO E. MILANI (New York)

WOLFGANG K. FLÖTTL (New York) MASAKAZU HASEGAWA (Tokyo) STEPHEN M. MONROE (New York)

Assistant Vice Presidents

HIROSHI KOYAMA (Tokyo)

SHIN TOKOI (New York)

and in our International Affiliates:

Kidder, Peabody Securities Limited

Vice Presidents CAROLINE McNICHOLAS (London)

MICHAEL J. MOONIE (London)

ANTHONY P. REA (London)

Assistant Vice President CHRISTOPHER M. HAYWARD (London)

Kidder, Peabody International Limited

Vice President NICHOLAS C. KESLEY (London)

Assistant Vice President ROBERT PUOPOLO (London)

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SANDRA D. HOARE (London)

AHMED A. HUSSEIN

(London)

Assistant Vice Presidents

JUDE TSEU (Hong Kong)

MOHAMED ZAYAN

(London)

PHILIPPE P. VAN OEKEL (Paris)



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This announcement appears as a matter of record only.

Commercial Paper Program

Eastman Kodak Company

MORGAN STANLEY & CO.

January 29, 1986

Vasco-Aragonesa, Concesionaria Española, S.A. U.S. \$70,000,000 Guaranteed Floating Rate Notes Due 1995 Unconditionally Guaranteed by

Autopista

The Kingdom of Spain

Notice is hereby given that for the six months interest period from January 29, 1986 to July 29, 1986 the Notes will carry an interest rate of 84% per annum. micrest rate of 84% per annum.
The interest payable on the refevant interest payment date, July 29, 1986 against Coupon No. 2 will be U.S.\$414.79 and U.S.\$10,369.79 respectively for Notes in denominations of U.S.\$10,000 and U.S.\$250,000. Noteholders are advised that with effect from January 27, 1986 the Reference Banks are The Chase Manhattan Bank, N.A., Morgan Guaranty Trust Company of New York, Chemical Bank and Swiss Bank Corporation

January 29, 1986 The Chase Manhattan London, Agent Bank



TUBOS DE ACERO DE MEXICO, S.A.

US \$85,000,000 Floating Rate Notes due 1989

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 29th January, 1986 to 29th July, 1986 has been established at 91/2 per cent. per annum.

The interest payment date will be 29th July, 1986. Payment which will amount to US \$1,194,10 per US \$25,000 Note and US \$238.82 per US \$5,000 Note, will be made against the relative coupon.

Bank of America International Limited



CRA CRA Finance Limited

Guaranteed Floating Rate Notes 1995 Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from January 29, 1986 to July 29, 1986 the

1. Applicable Interestrate:

following information is relevant:

81/4% per annum 2. Interest payable on next Interest

US\$4,147.92 per US\$100,000.00 nominal or US\$20,739.58 per US \$500,000.00 nominal

3. Next Interest Payment Date: January 27, 1986

Payment Date:

July 29, 1986 **BAAsiaLimited**

INTL. COMPANIES

Boeing profits rise 45% at year-end

EARNINGS at Boeing, the US air-craft manufacturer, soared by 45 justments, made under new federal per cent on an underlying basis last rules on accounting for overseas year, propelled by higher demand for commercial fets, increased interest income and reduced interest. In the final quarter

or \$3.75 a share, against \$390m, or \$2.67 a share, although in 1984 final earnings were increased by a non-

sales. Revenues rose by 31 per cent In the final quarter last year

expense, writes Terry Dodsworth in New York.

Net income amounted to \$566m a share, from \$124m, or \$4 cents a share, while sales rose to \$4.2bn from \$3.3bn. N. American quarterlies, Page 37

Merrill Lynch lifts earnings

pense controls and revenue gains, sponding period a year ago on reve writes Paul Taylor in New York. . . . nues that grew to \$2.02bn

MERRILL LYNCH, largest of the Merrill said fourth-quarter net Wall Street securities firms, has reported sharply higher fourth-quarter and full-year net earnings as reported in brief year quarter and full-year net earnings. as reported in brief year quarter and full-year net earnings as share than doubled to \$62.7m, or 52 cents a share (60 cents a share fully diluted), from \$29.8m, or 31 cents a share, in the corresponding partial a year and a



Woodside Financial Services Ltd.

U.S. \$300,000,000 GUARANTEED FLDATING RATE NOTES

DUE FEBRUARY 1997 Unconditionally Guaranteed by The Industrial Bank

of Japan, Ltd. In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the initial interest period from January 28 to May 28, 1986 the Notes will carry an interest rate of 84x% per annum. The amount payable on May 28, 1986 will be U.S.\$6,822.92 and U.S.\$272.92 respectively for Notes in denominations of U.S.\$250,000 and U.S.\$10,000.

The Chase Manhattan Bank, N.A., London, Agent Bank January 23, 1986



US \$150,000,000 Guarantee Floating Rate Notes due 2004

Sanwa International Finance Limited

The Sanwa Bank, Limited

Notice is hereby given that the Rate of Interest has been fixed at 81/4% and that the Interest payable on the relevant Interest Payment Date July 29, 1986 as Unst Coupon No. 4 in respect of US\$10,000 nominal of the Notes will be US\$414,79

January 29, 1986, London By: Ciribanik, N.A. (CSSI Dept.), Agent Bank CITIBANC

NOTICE OF OPTIONAL REDEMPTION



crédit foncier de france

U.S. \$60,000,000 **Guaranteed Floating Rate** Notes due 1990

Notice is heraby given that in accordance with the description of the above Notes, Crédit Foncier de France, has elected to redeem all of the outstanding Notes at their principal amount on 19th Merch, 1986, when interest on the

Repayment of principal will be made upon presentation and surrender of the Notes with all unmatured Coupons attached, at the offices of any of The Paying Agents

mentioned thereon.

Accrued interest due on 19th March, 1985 will be paid in the normal manner against presentation of Coupon No. 7.



The Sumitomo Bank, Limited

Fiscal and Paying Agen

Bank of Tokyo (Curacao) Holding N.V. US\$50,000,000 GUARANTEED FLOATING RATE NOTES DUE 1987

Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd. In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curação) Holding N.V., The Bank of Tokyo Ltd., and Citibank, N.A., dated July 10, 1980, notice is hereby given that the Rate of Interest has been fixed at 8714% p.a. and that the interest payable on the relevant Interest Pay-ment Date, July, 29, 1986 against Coupon No. 12 will be US\$208.97.

January 29, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank.

CITIBANCO

CAMBRIAN & GENERAL SECURITIES p.l.c. US\$100,000,000

Secured Floating Rate Notes Due 1992 Initial Tranche of US\$50,000,000

Notice is hereby given that the Rate of Interest has been fixed at 946% and that the interest payable on the relevant Interest Payment Date July 29, 1986 against Coupon No. 3 in respect of US\$10,000 nominal of the Notes will be US\$471.35.

lanuary 29, 1986, Landon By: Ciribank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

In the name of Allah, the Beneficent, the Merciful
"Lo. Allah commandeth you that ye restore deposits to their owners"
Truthful is Allah the Magnificent.



كارالمال الاسلامي القابضة

DAR AL-MAAL AL-ISLAMI TRUST -- Important Announcement --

Dar Al-Maal Al-Islami Trust gave an announcement which was published according to the following schedule:

Newspaper Country 22.12.85/10 Rabia Al-Thani 1406 AH 23.12.85/11 Rabia Al-Thani 1406 AH Saudi Arabia Al Madina Al Riyadh **Al Yaum** 24.12.85/12 Rabia Al-Thani 1406 AH 25.12.85/13 Rabia Al-Thani 1406 AH Al Ahram Egypt Al Seyassah 25.12.85/13 Rabia Al-Thani 1406 AH Kuwait Akhbar Al Khaleej 6. 1.86/25 Rabia Al-Thani 1406 AH Bahrain 9. 1.86/28 Rabia Al-Thani 1406 AH Qatar Al Arab UAE 25.12.85/13 Rabia Al-Thani 1406 AH Al Ittihad Sudan Al Sahafa 24.12.85/12 Rabia Al-Thani 1406 AH United Kingdom Financial Times 27.12.85/15 Rabia Al-Thani 1406 AH

Following is the text of the above mentioned announcement:

Nassau Guardian

"During the distribution of equity participation certificates for its 1st issue of capital, DAR AL-MAAL AL-ISLAMI TRUST (DMI) handed over to Mr. Mohamed Said Al Nahlawi in Kuwait on May 20, 1982, 50 (fifty only) bearer certificates of DMI Trust, each representing 1000 units (one thousand only) and totalling 50000 units (fifty thousand only) for delivery to a subscriber living in Kuwait, These certificates bear the following numbers:

Certificates Number of **Denomination of** numbers * certificates from number: 601524 to number: 601573

Bahamas

one certificate 1,000 equity

of units 50.000 equity perticipation

31.12.85/19 Rabia Al-Thani 1406 AH

Total number

Whereas the owner of these equity participetion certificates has informed the Trust recently that he has not yet

whereas Dar Al-Maal Al-Islami does not know who is currently in possession of these certificates with the exception of the two certificates, number 601525 and 601527.

Now therefore Dar Al-Maal Al-Islami Trust, according to its procedure in case of loss of certificates, kindly invites anyone, who can either give any information concerning the said certificates or has them in his possession through purchase, donation or any other means, to inform or call with these certificates at any of the Trust's offices mentioned below during one month from the date of publication of this announcement. After this time limit, the Trust will issue new certificates bearing new numbers to replace the ones lost, which will cancel all rights attached to the possession of the above-menuoned certificates and render them null and void."

Whereas one month — which is the time limit prescribed in the above mentioned announcement — has passed without anyone informing any of the Trust's offices of the certificates whose number are mentioned in that

Whereas the Trust did not get any other information as to who is in possession of these certificates. Now therefore Dar Al-Maal Al-Islami Trust, in conformity with its Indenture, informs that it will issue new nominative

certificates to the original owner from February 1st, 1986 corresponding to 22nd Djurnadi Al-Awla 1406 AH. Consequently the certificates mentioned in the above quoted announcement are considered null and void with immadiata effect. Trust Administrator

Allah is the purveyor of success.

1216 Cointin Geneva SWITZERLAND

Oer Al-Maal Al-Islami SA

84 av. Louis-Casar

PO Box 161

INTERNATIONAL COMPANIES and FINANCE

Photo takes

distributor

KONISHIRORU Photo Industry, the maker of Konica film and easones has

film and cameras, has acquired Royal Business Machine, a US office equip-ment marketing company, in a deal believed to be worth

over US

around \$30m.

Sanyo replaces president after oil heater accidents

SANYO ELECTRIC. SANYO ELECTRIC, the Japanese manufacturer of consumer electric appliances, has replaced its president following e number of fatal accidents this winter attributed to defective kerosene heaters made by the

group.

1t was announced yesterday that Mr Kaoru lue is to step down as president—the post equivalent in Japan to chief executive—as part of a top-level reshuffle which includes two

MINEBEA, THE Japanese ball-

bearing maker, which last year became the target of the country's first hostile foreign

takeover bid, suffered a 32.2
per cent fall in consolidated
pre-tax profits to Y6.34bn
(\$32.4m) in the year to

At the operating profits stage,

the results for the group as a whole were 57.2 per cent higher

World-Wide

By Our Hong Kong

Properties put

into liquidation

Efforts to keep the company alive were effectively doomed late last November when Bank reserves as an initial measure

alone. However, consolidated

pre-tax profits were 43.8 per cent lower than those achieved

by the parent.

Minebea blamed the poor consolidated performance on a higher interest payment bur-

to finance a recall of the pro- profits rose 5 per cent to duct line, and directors have Y58.5hn, assisted by foreign waived their traditional yearend bonuses.

Mr Iue, who is to remain on
the board and will assume the
post of advisor to Sanyo, has
been replaced as president by
Mr Satoshi Ine, until now vicepresident.

785.5hn, assisted by foreign
exchange gains.
Sanyo is to increase its pershare dividend by Y1 to pay Y8
for the year, in order to return
to shareholders part of the proceeds from its convertible bond
issue.

that Mr Raoru life is to step down as president—the post president. In Japan to chief executive—as part of a top-level reshuffle which includes two board resignations.

The deaths were said to have bean due to leaks of carbon monoxide from kerosene powered fan heaters. The company has had to draw some Y490m (\$2.5m) from internal mark for the first time issue. For the current year, Sanyo issue. For the current year, Sanyo faces a deteriorating export environment amid the yen's steep appreciation as well as intensifying competition among makers of electric goods. Sales are expected to level off at Y1,050bn, while pre-tax profits are projected at Y43.2bn, down 17.7 per cent.

For the current year to September, the company pro-jects its consolidated pre-tax

around \$30m.

Royal, based in Connecticut, was owned by Triumph Adler, the business machines unit of Volkswagen of West Germany. The US group had been selling the Japanese company's copiers under the name of Royal. Following the acquisition, the machines will be marketed under the Komica brand name and the company's own name will change to Konica Business Machines.

Konishiroku said yesterday that it currently has about 4 to 5 per cent of the US copier market, but would like to boost this figure to 10 per cent. It has about 7 to 8 per cent of the domestic Japanese Earnings setback at Minebea Consolidated sales rose 5 per cent to Y155bn, with net profits of VS.13bn, up 1.9 per cent. Earnings per share were Y14.14 against Y14.19.

cent of the domestic Japanese copier market under the brand U-Bix. The Japanese group owned 34 per cent of Royal before it decided to acquire the whole group. Royal has about 47 branches and 200 retail agents in the US and Canada. Last year, its sales were about \$250m.

Anglo American vote delay

By Our Johannesburg

A THREATENED rejection by US shareholders of Anglo American's plans to merge its four Orange Free State gold mines failed to materialise in Johannesburg yesterday at meetings called to vote on the merger.

But although shareholders of President Brand, President Steyn and Western Holdiags voted overwbelmingly in favour of merger, questions from the floor at Free State Geduld pushed its meeting beyond the allotted time and it was adjourned for two was adjourned for two

create the world's largest individual gold mining company with an annual milling canacity of more than 20m tonnes and producing about 113 tonnes of gold worth almost \$1.3bm

Konishiroku | Wah Kwong share trading suspended

BY DAVID DODWELL IN HONG KONG

the measures needed to ensure "financial stability."

Mr Chao said yesterday that leading creditors among them Standard Chartered Bank and Hong Kong and Shanghai Bank-ing Corporation—had givan "indications of support" for a debt restructuring if this proved necessary. Standard Chartered has indicated that in principle an additional standby credit was available, be said. Admission that Wah Kwong is on the verge of collapse comes just months after two of Asia's leading solpping groups crashed. Sanko Steamship of Japan failed in August last year with debts estimated at Y520hn (277hn)

WAH KWONG, the Hong Kong The Hong Kong trading group. WAH KWONG, the Hong Kong
shipping group headed by Mr
Frank Chao, requested suspension of trading in its sbares
taken over by Sir Yue-Kong
yesterday, and signalled a
restructuring aimed at preventing a collapse.
The company, which is Hong
Kong's third largest shipping
group, appointed Amex Asia,
the merchant hanking arm of
American Express Bank, to
assist the group to "analyse its
financial position" and to take
the measures needed to ensure

The Hong Kong trading group,
was liquidated in July last year
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a rescue plan began.
At the end of 1984, Wah
Kwong reported net debts
amounting to HK\$2bn with
shareholders' funds stated at HK\$1.3hn. The group yester-day gave no indication of how seriously its debts bad mounted by the end of 1985.

Wah Kwong is understood to have been hurt by the collapse of Sanko, which had chartered of Sanko, which had chartered a number of its vessels. Further damage has been inflicted by the troubles of the Karlander Kangaroo line in Australia, which had chartered five vessels from Wah Kwong. Mr Chao has stood alone among Hong Kong shipowners in the past two years because of his refusal to how to pessimistic forecasts about the future

(\$2.76n).

Wheelock Maritime, the shipping arm of Wheelock Marden, of the industry.

KLSE seeks lifeboat for forward contract brokers

BY WONG SULONG IN KUALA LUMPUR

THE KUALA LUMPUR Stock brokers of sizeable forward con-Exchange (RLSE), which has tract shares in Sigma Inter-tust completed its assessment national, the Singapore-based of the forward share purchase company controlled by Mr Tan contract obligations of its mem-bers, has announced that it will charges in the Island republic. seek an 80m ringgit (\$32.6m) Two new directors bave been financial lifehoat from the appointed to Promet, the oilcountry's commercial banks to rig and construction group, in belp brokers who could default a move that further enhances Mr Nik Mohamed Din, KLSE the position of Datuk Brian chairman, said: "As a matter Chang, the Singaporean managol policy, the KLSE strongly ing director, in his dispute with adheres to the principle that all Tan Sri Ibrahim Mohamed, the

adheres to the principle that all Tan Sri Ibrahim Mohamed, the valid contracts should be honoured in order to maintain the integrity of the broking man of the Kuala Lumpur industry."

by Advisors and January an His assurance has been wel- of Commerce and Industry, is comed by bankars and analysts, made executive deputy chair-who believe the KLSE has man, while Dr Paul Yong Min comed by bankars and analysts, defused a potentially nnpleasant Hian, a senior Promet execusituation between Malaysian tive, is appointed director. The and Singapore stockbroking appointment of Mr Izat is seen firms over the legality of their as countering charges that Pro-forward contract obligations. met, a Malaysian-incorporated Several Malaysian brokers company, is being taken over forward contract obligations. Several Malaysian brokers have disputed their obligations by Singaporeans, led by Datuk to take delivery from Singapore Chang.



Bank of Montreal

U.S.\$250,000,000 Floating Rate Debentures. Series 9, due 1996

Notice is hereby given that the Rate of Interest for the three month period 29th January, 1986 to 29th April, 1986 has been fixed at 8¼ per cent. The amount payable on 29th April, 1986 will be U.5.\$206.25 against Coupon No. 8.

Morgan Guaranty Trust Company of New York



Italian International Bank Plc

U.S.\$60,000,000

FLOATING RATE NOTES OUE 1991

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest Period from 29th January 1986 to 29th July 1986 the Notes will carry an Interest Rate of 8% do per annum and the Coupon Amount per US \$10,000 will be US \$421-08

Agent Bank: Mergan Guaranty Trust Company of New York

Notice of Redemption



THE KINGDOM OF SPAIN

U.S.\$200,000,000

Floating Rate Notes due 1993 NOTICE IS HEREBY GIVEN that pursuant to Condition 7(b) of the Notes, The Kingdom of Spoin (the "Kingdom") has elected to redeem on February 28, 1986 (the "Redemption Date") all of its autstanding Floating Rate Notes due 1993 (the "Notes") at por. On and after the Redemption Date, interest on the Notes will cease to accrue. The Notes should be presented and surrendered to the paying agents as shown on the Notes on the Redemption Date with all interest coupons maturing subsequent to the said date.

The Kingdom of Spain

29th January 1986. By: Citibank, N.A. London, Principal Paying Agent (CSSI Dept).

CITIBANCO

den accompanying a Y46.2bn increase in short- and long-term profits at Y7bn, np 10.5 per cent, with net profits at Y3bn, down 4 per cent, on sales of Y165bn, up 6.5 per cent from the previous year. borrowings for the acquisition of New Hampshire Ball Bearing of the US and capital invest-ment at Minebea Thailand.

Barclays National Bank

lifts pre-tax profit 57%

South Africa's largest banking WORLD-WIDE Properties Cor-poration, a Hong Kong group which was seriously burt by the local property market collapse group, increased pre-tax operat-ing profits by 57 per cent to R181.2m (\$81.3m) in 1985 despite a substantial increase in in 1982, was put into liquida-tion yesterday with liabilities outstripping assets by about HK\$500m (US\$64m).

principal external creditors, issued claims to recover debts and guarantees amounting to HK\$84.7m. Nominees of the two banks, and from Price Waterbouse, the accountancy for the provengent in the interest turn as interest rates fell. The South Waterbouse, the accountancy provement in the interest turn 168.9 cents from 151.6 cents and firm, were appointed to the as interest rates fell. The South en unchanged total dividend of board in December.

African Reserve Bank, the 95 cents has been declared.

BY JIM JONES IN JOHANNESBURG BARCLAYS National Bank, country's central bank, is curdespite a substantial increase in prime overdraft lending provisions for bad and doubt of 1985 from a record 25 per ful debts.

A higher tax bill meant that net earnings rose by only 21 per cent to R100.8m. Total assets increased to R22.94bn from R19.43bn while total adof Tokyo and Hong Kong's vance rose to R15.07bn from Hang Lung Bank, World-Wide's R13.72bn. Return on total principal external creditors, year-end assets improved to 0.48

rently orchestrating a decline in interest rates, which has led the commercial banks to cut their prime overdraft lending

Last September Barclays National raised R254m by means of a rights issue which was not followed by the bank's British parent. As a result the stake held by Barclays Bank of the UK declined to just over 40 per cent from just over 50 per cent and the South African bank ceased to be a subsidiary. Earnings per share rose to

All of these securities having been sold, this announcement appears as a matter of record only.

January, 1986 **Concurrent Worldwide Offering**



4 ... +7.5

8,500,000 Shares

The Black & Decker Corporation

Common Stock (\$.50 par value)

This portion of the offering was offered outside the United States by the undersigned.

This portion of the offering was offered in the United States by the undersigned.

2,000,000 Shares

6,500,000 Shares

Salomon Brothers International Limited

Commerzbank Aktiengesellschaft

Credit Suisse First Boston Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

Salomon Brothers Inc

One New York Plaza, New York, New York 10004

INTERNATIONAL COMPANIES and FINANCE

Eurobonds attract little enthusiasm

BY MAGGIE URRY

rate cut in Japan encouraged traders yesterday to mark up prices in the Eurodollar bond market by 1 point. But there around 106.
was very little investor interest. The Swiss franc foreign bond

and Eurobond were once again legging behind New York.
Only one new issue was launched in the Eurodollar sector, a \$100m issue for Long Term Credit Bank Japan, led by LTCB International. This apper looked generously priced fer a matu Sushi issue (one which can be sold freely to Japanese investors). The 10-year bonds carry life. a 91 per cent coupon and are priced at 1011. They can be called at par after seven years.

The bonds were quoted at a Yamaichi

more active in the afternoon with demand coming from abroad. Attention centred on the new issues, and prices were slightly higher.

slightly higher.

Commerzbank launched a yen deal for the World Bank.

DM 100m 10-year issue for The issue was launched too late to trade widely.

In the domestic yen market to trade widely.

In the domestic yen market related by Dalwa Samurai deal led by Dalwa Samurai deal led by Dalwa Securities. The 10-year bonds were given a 9.7 per cent semi-annual coupon and a para issua price. They are callable from 1993 starting at 103.

Expected today is a Euroset at a 61 per cent coupon and par issue price. The bonds

(Deutschland) fixed the terms on its parent SBC's DM 200m bond with equity warrants. The on its parent SBC's DM 200m may have an extendable bond with equity warrants. The feature. The issue, the third 10-year bonds pay a 22 per cent this month, is an addition to the coupon and are issued at par. January calendar. Two deals The warrants give the right to are due in Fehruary.

A RISE in the New York buy SBC bearer participation market and hopes of an interest certificates for SFr 500 each tha closing price on the stock exchange yesterday. The pack-age continues to trade well at

years, with the yield indicated a 51 per cent for an eight year

The D-Mark market was again non-callable for life and pays a 61 per cent coupon. Issue prices was set at 1011. The fees caused some controversy. They were set at 12 per cent, a level which the lead manager argued is correct for a 10-year Euroyen deal for the World Bank. The issue was launched too late to the deal widely.

and par issue price. The bonds
were quoted within the 1½ per
cent selling concession.

Schweizerischer Bankverein

Selling concession.

Schweizerischer Bankverein

Selling concession.

Expected today is a EuroFrench franc issue for Renault,
raising FFr 500m. Societe
Generale will be the book runner on the five-year issue, which

Fine terms for Belgium on straight-forward credit

BY OUR EUROMARKETS STAFF

BELGIUM yesterday mandated

that it is a straight-forward syndicated loan, expected to be fully drawn immediately and without a facility for issuing without a facility for issuing while that for smaller contributes or other securities, as has become common for most is multicurrency, and is syndicated credits in the Euromarkets.

The loan test that for smaller contributes consider new ideas.

Sybon facility under which salary will be many times the Sweden was able to auction civil servant's pay he has been short-term money market notes receiving.

The seven-year loan, which Mergan Guaranty to arrange a will replace maturing debt, will splot interest spread over point above London interbank interbank rates yet seen for a sovereign borrower.

The credit is also unusual in Libor thereafter.

Banks putting np large amounts, probably \$25m, will receive a 121 basis points fee,

market was, if anything, weaker in dull trading yesterday. The volume of new issues has slowed over the last week, but a Swiss franc deal for Tohoku Electric Power, led by UBS, appeared yesterday. The maturity will be eight to 10

within the country, the cuts in fees amounced on January 15 presage a regrettable shift in the structure of the Swiss franc market towards the profit-squeezing disorder of the Euro-Late in the day the World Bank launched a Y25bn deal in markets.
"We do not want to get into the Euroyen market, led by Yamalchi International (Europe). The 10-year issue is non-callable for life and pays a fees to the secondary market," sand one banker whe has ben operating in a rival syndicate benefiting from the comfortable fee structure imposed by the hig benk syndicate.
Cuts of between ‡ and ‡ per centage points in underwriting

Sweden's Peter Engstrom to join UBS (Securities)

centage points in underwriting swap and, if the commissions commissions, adjustments to are higher on the Swiss side, management fees and the they prefer the D-mark."

The Swiss have an important exchange histing fee by a market share to defend. A recent study calculates that of charge will reduce overall fees almost \$4300n in international from 3½ to 3 per cent on a bonds raised by non-domestic sfr 100m bond with a 10-year issuers on fereign markets in

THE BIG SWISS banks have maturity, cut their underwriting commis-

president of Union Bank of Switzerland (URS), whose bank

Swiss Bank Corporation and Credit Suisse that led to the

cuts, says their main purpose is to keep the Swiss franc com-

in particular with the D-mark

Over the last few months the differential between D-mark

and Swiss franc interest rates

has narrowed: 10-year good-quality paper now carries a rate

of 5 per cent in Swiss francs and 64 per cent in D-marks. The gap is smaller than it used

to be and "we have seen some regular Swiss franc issuers

drifting into the D-mark," Mr

Most, though not all of these,

have been Japanese companies fer whose convertible and warrant-linked issues the

Warrant market is becoming, another banker says, "the natural competitor. They get e

better deal in Germany if they

swap and, if the commissions are higher on the Swiss side, they prefer the D-mark."

The Swiss have an important

Grete says.

initiated the discussions

cut their underwriting commis-sions in response to external

and internal forces bent on

prising open the Swiss franc bond market. Their decision

recognises the growing competi-tive threat from the newly deregulated D-mark market and

is a riposte to the increasingly

successful efforts of foreign, mainly US, banks to win Swiss

franc business from within

a Euromarket situatien where underwriters give away all their

For some bankers operating

MR PETER ENGSTROM, the high-profile head of international borrowing operations in Sweden's Netional Debt Office, is jumping the fence to become e hanker. He will take up a position, expected to be as e deputy managing director, at Union Bank of Switzerland (Securities) in London in April. Under Mr Engstrom'e direction Sweden has become re-

tion Sweden has become renowned not only as one of tha biggest and best-regarded bor-rowers in the international capital markets, but also as one of the most innovative. Mr Engstrom has been able to obtain the finest terms from lenders both for credits and bond issues. Bankers have respected his willingness to consider new ideas.

ed to go too far. Sweden was the first borrower to mandate a large Euroyen credit in April 1985, but tha loan was cancelled when Japanese banks refused to accept the fine terms Mr Engstrom demanded. At UBS (Securities) Mr

Engstrom will have overall responsibility for primary market activities and will partici-pate in the firm's international

Latin American loan plan from IADB

By Peter Montagnon, Euromarkets Correspo

The Inter-American Development Bank wants to enlist the help of commercial banks in providing finance for some of its projects held up for lack of local resources in Latin America, Mr Antonio Ortiz Mena, its president said in London yesterday. Use of commercial bank loans

would help speed up the dis-bursement of some \$10bn in loans committed by the IADB but not paid ont because the borrower governments lack re-sources to cover their part of the cost, he said in an inter-view. It would be one way the bank could step up its lending under the so-called Baker initiative for easing the developing country debt problem. Mr Oritz Mena said he be

lieved commercial banks would be interested in providing such citing as an example the Gurri power station project in Venezuela, for which the IADB signed a \$350m loan agreement

For every dollar provided hy commercial banks, the IADB could provide three of its own, he said. Mr Ortiz Mena, in London

by the bank as part of its 25th anniversary celebration, said discussions are only just begin-ning on a capital increase for the bank which will back up an increase in its lending from

DOMESTIC BOND MARKETS

Tokyo closes slightly firmer

THE YEN bond market closed slightly firmer as speculative buying outweighed heavy liquidation of long positions, accumulated on growing expectations that Japan's discount rate would be cut tomorrow. Expectations that the Bank of

Japan would announce a reduc-tion had been fully discounted dealers said.

The yield Ne 78 6.2 per cent 10-year government bond yield was et 5.510 in late Tokyo trading against 5.525. The No 68 6.8 per cent bond, the eld benchmark, was sold heavily on bank and securities house attempts to lighten inventories.

Active trading in Frankfurt

IN FRANKFURT bond prices were as much as 20 pfennigs firmer, in moderately active bourse trading with the decline in the dollar and speculation about lower interest rates helping prices. Some isolated losses of up to 10 pfennigs clooded the generally optimistic market the generally optimistic market

Investors opened fresh posi-tions and D-mark assets bene-fited from strain within the EMS, although this diminished somewhat as the dollar began

WISS FRANC

Amsterdam under pressure

prices were as much as 50 cents lower where changed in ner-yous trading. Leading issues came under selling pressure as investors showed concern over the economic outlook in the Netherlands

Dealers said the downturn in the state bonds would have been steeper if the market bad not been supported by hopes of a cut in interest rates by some laading nations.

francs against less than 8.5 per Not all bankers in Switzerland agree that the D-mark has big syndicate's share tumbled been closing the gap since the to an estimated 61 per cent. start of deregulation in Ger. The chief perpetrators of The chief perpetrators of this less-majests were the US many last May, some see it as

The Swiss Admissions Office, which is responsible for admitting securities to trading on the Swiss stock ex-changes, has announced a change in its procedures,

William Dullforce on moves by a traditionally conservative financial centre to retain market share

In future, applications will be subject to preliminary

writes John Wicks in Zurich.

cent in D-marks.

still handicapped by its queue system and weak daily dealings and argue that the level of Swiss commissions has not yet become an impediment. But UBS ranks third to Deutsche Bank and Dresdner Bank in the D-mark issue market and may have the better feel for the situation. Intensified competition from No banker will admit to

within Switzerland was a lesser motive for the big syndicate's fee-cutting, though it has stimu-lated most comment and con-

At one time the syndicate and the smaller syndicates have applied to syndicate members is the 1980-84 period, slightly At one time the syndicate and the smaller syndicates have applied to syndicate members is more than 60 per cent was in controlled 80 per cent of the been about 1 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 1 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 1 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 1 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 2 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 3 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 3 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 3 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 4 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 4 per cent cheaper being loosened, so that composed the controlled 80 per cent of the been about 4 per cent cheaper being loosened, so that composed the controlled 80 per cent of the composed the controlled 80 per cent of the composed the comp controlled 80 per cent of the market: three years ago it still on front-end fees as a whose market: three years ago it still on front-end fees as a whose held 70 per cent. Last year, Some syndicates, such as take up only part of their quota syndicates, such as smarter in any given issue. Previously, when total public bond issues, Soditics, have been smarter in any given issue. Previously, when the big banks tried an aggressively priced issue, they found being off-loaded onto the specially structured issues.

examination by an investi-gatory group drawn from the banks and including outside

The Admissions Office will base its rulings on the work of this monitoring unit and on full documentation. This is seen as guaranteeing a "fair and rapid judgment."

issues, most of them for US industrial names. Their activity reached a peak in October and November and has resumed again this month. Soditic, the leader of a rival syndicate, estimates that bonds involving swaps now make np between a quarter and a third of the new

undercutting the big syndicate on underwriting commissions but there has been juggling with listing fees and expenses

The crunch for the big banks, however, came with last year's fiush of swaps, in which an issue in one currency is exchanged for an issue in another, allowing a foreign borrower to raise money in his own currency at below-market cost. Swaps focus attention on the overall cost of the issues. bunching pricing and front-end fees, and lead to very competitive pricing and pressure on

One result is that many swaps have started trading below their issue prices. A grey market has started to emerge in Switzerland and the hig banks have run into difficulties in controlling the secondary market.

Rival bankers doubt that Rival bankers doubt that under present circumstances the big syndicate can recover market share, even, by cutting fees. They might look more closely at the second measure taken by the big banks—the internal re-organisation of their syndicate.

The compulsory quota system

Big Swiss banks pick up the gauntlet of competition

managers who could not place their full quotas. The more flexible structure now in place "should mean that we will not have to pick up bonds from the market," Mr Grete explains. The three big banks, which together underwrite more than half of each issue, have the capacity to take up the slack, when other under-

writers curb their commitments UBS admits to being caught napping by the surge in demand for swaps but claims to have developed the ability to handle such issues and to be making money from them now. US bankers think Credit Suisse First Boston must soon start using its strength in the swaps

picked up the gauntlet. From now on the Swiss franc bond market promises to be a more aggressive arena where risks will be more finely judged. People will soon be asking what happened to traditional Swiss conservatism.

Currency option for small tenders

BY ALEXANDER NICOLL

A SERVICE aimed at insuring British exporters against the currency risks involved in small tenders was launched yesterday by Hambros Bank, ong of the originators of the the currency option, but is rency protection for tenders designed to reduce the user's which turn out to be unsuccosts and to increase flexibility.

Tenders are often cited as a Using Extra, an exporter typical situation calling for the use of currency options, since the exporter can use them to protect himself from exchange

rate fluctuations

But Mr John Heywood, a Hambros director, said that in practice standard currency options were impractical and costly in such circumstances.
"If you only get one order in Currency options market.

The new product, called to pay five option premis."

Export Tender Risk Avoidance (Extra), is the variation on money wasted on huying cur-

Using Extra, an exporter tendering in dollars for con-

given period—up to a year. If the order is won, the exporter is insulated from a dollar fall in just the same way as if a etandard currency option had been purchased. But if the contract is lost, Hambros refunds about half the fee.

The exporter cuts the cost of hedging unsuccessful tenders, but also misses out on the windfall profits which currency options can provide.

Hambros believes Extra will tracts of up to \$2m buys insur-ance against a fall in the dollar below a specified sterling increase their chances of win-exchange rate and within a ning orders.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

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The Financial Times Ltd., 1986. Reproduct

All of these Warrants have been offered outside the United States and may not at anytime be offered or sold in the United States or to citizens or residents thereof. This announcement appears as a matter of record only.

New Issue / January, 1986

Phibro-Salomon Inc

Warrants to Purchase 150,000,000 European Currency Units Warrants to Sell 150,000,000 European Currency Units

Each Warrant to Purchase European Currency Units entitles the holder thereof to purchase 10,000 European Currency Units with U.S. dollars. Each Warrant to Sell European Currency Units entitles the holder thereof to sell 10,000 European Currency Units for U.S. dollars.

Salomon Brothers International Limited

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and the second control of the second control

Vodafone start-up costs hit Racal profits

Racal Electronics reported Interim profits haived compared to fast year, £23.18m against £47.18m, and at the bottom of the range of analysts' expecta-tions

sir Ernest Harrison, chairman, said lotal profits in the second half would be much better than the first. The full year figures would, however, be "substantially lower" than in 1964-85, the first respection in 21 years but respective. reduction in 31 years, but results for 1986-87 should be very satisfactory.

The shares fell from 170p to 166p immediately after the figures but then rallied, to close at 180p, np 10p, on consideration of the optimistic forecast and ahead of an analysts' meeting (£287,000).

Racal said that cellular radio tion and reduction of the connection one large buyer in the market. losses for the year, including base at Data Communications.

The company blamed the poor interim figures to October 11 on recession in the data communications is dustry and losses on the accelerated start-up of its cellular radio service.

The trading profit contribution from the Data Communications group fell by some \$28m.

Racal said it would produce only a very modest contribution in the second half, with trading profits expected to be down by an additional £19m. That would make a total shortfall of £45m, compared to 1984-85.

The first half net loss of cellular radio increased by £5m, with a trading loss of £7.5m (£287,000).

Racal said that cellular radio losses for the year, including the first size including cellular cation increased by £5m, with a trading loss of £7.5m (£287,000).

Racal said that cellular radio losses for the year, including the first size in Data Communications.

Other benefits in 1986-87 would Other benefits in 1886-87 would flow from growth in the majority of remaining businesses and a continued improvement in the performance of Racal Chubb, where problem areas were being tackled and margins raised. The profit contribution should be of the order of £20m. In the first six months of this year it was over £7m (after loan stock interest navment).

terest payment). Later, the analysts meeting was

The Racal-Vodafone cellular radio service would reach breakeven at trading level during the last quarter of the current financial year. It was expected there would be a trading profit next year of 15m and this would lead to an overall improvement in the cellular radio results of about 12m.

told that Data Communications' California - based subsidiary V5dic would achieve sales this year of only \$56m, against \$77m last, Bur this was expected to improve to \$85m next year and \$100m thereafter, with margins of more than 10 per cent, compared to 20 per cent plus in its based. pared to 20 per cent plus in its beyday.

Racal Milgo, another US subsidiary, which yesterday announced a \$15m order from Nippon Telagraph, was expected to have sales this year of only \$235m, against a budget of \$326m rising to \$285m next. It was expected to break even this year, but could go on to achieve margins of more than 10 per cent.

See Lex

Throgmorton USM Trust in £14m offer

Kellock capital reduction

How to handle tender

The Throgmerton USM Trust, the investment trust formed lo specialise in the Unlisted Securities Market under the management of Throgmorton Investment Management Services, today publishes the prospectus for its offer for sale.

The prospectus defines the trust's main objective as being long-term capital growth through long-term capital growth through investment in USM companies with above-average growth

At least 75 per cent of gross assets will be invested in USM companies, but graduates to the main market may be kept in the portfolio. The rest of the assets will be invested in unquoted stocks or those dealt in on the over-the-counter markets.

Throgmorton says that unquoted securities will only be

Exchange gain

UNREALISED EXCHANGE rate

gains of £220,000 enabled Finlan Group, formerly John Finlan, to report trebled pre-tax profits for

the six months to September 30

Excluding the £220,000 leaves Finlan, a developer, designer and constructor of industrial build-

ings, with pre-tax profits of £15,000 on turnover of £4.85m against £81,000 on turnover of £4.72m for the half year to June

AV.CE

lifts Finlan

Pre-tax profit of Kelleck Trust,

the recourse factoring group, rose by £45,000 to £172,000 for the year 1985 from turnover shead 34.6 per cent to £4.59m.

The company foreast that profits would not show a substantial gain as it was spending heavily on experienced staff and new computer equipment. The group is engaged in the recourse factoring of book debts, and financial services through leasing facilities and investment.

of gross of cent cumulative partly-convertible redeemable preference shares of £1 each are being issued at par.

Another a sumt and zent specific to unitisations, conversions and takeovers: there are generally thought to be too many investment in the assets.

Another and zent specific preference takeovers: there are generally thought to be too many investment in the Throgmorton USM and 1.2m preference shares will on the go to The Throgmorton Trust, also managed by TIMS, in that exchange for most of its USM which is much smaller and has portfolio. This will give The

ordinary holders and sanction of

the Court.

The preference shares purchased during the year cost \$70,889. Total nominal value of these was \$11,250 and the belance of £59,439 is a distribution out of profit for the year.

Camford Engineering has

Camford higher

admitted to the portfolio if there is a reasonable chance of a listing or other dealing facility in the near future.

Investments will not be made in start-up companies or venture capital opportunities and there will be no investments in overseas companies unless they are dealt in on the USM.

Nearly 11.3m ordinary shares of 50p each are being issued at 100p a share and 2.8m 51 percent cumulative partly-convertible redeemable preference shares of £1 each are being issued at par.

Another 4.6m ordinary shares and 1.2m preference shares will the company.

Througmorton Trust a 29.5 percent stake in the company.

Warrants are attached to the ordinary shares on a one-for-twelve basis. The trust will be wound up in seven years.

Comment

The creetion of an investment trust is something of a novelty in a sector now more accustomed to unitisations, conversions and takeovers: there are generally thought to be too many investment trusts rather than too few. Yet the Througmorton USM Trust does fill a gap. Its only rival is the First Charlotte has not been a bright performer since its formation in May 1981, partly because of its exposure to the ordinary shares on a one-for-twelve basis. The trust will be wound up in seven years.

Comment

The creetion of an investment trust preference shares of £1 each are being issued at the company investment in the USM. First Charlotte has not been a bright performer since its formation in May 1981, partly because of its exposure to the ordinary shares on a one-for-twelve basis. The trust will be wound up in seven years.

Comment

The creetion of an investment trust probable preference shares will be constitued to mittend to the preference shares on a one-for-twelve basis.

The trust will be wound up in seven years.

Comment

The creetion of a novelty in the USM. The unique market. The use is formation in May 1981, partly because of its exposure to the ordinary shares on a one-for-twelve basis.

The trust will be wound up in seven will be wound up in seven years.

The creetion of a nove combined with the perks to keep

the discount narrow make this

F. Cooper's share disposal

Mr Frederick Cooper, chairman of Frederick Cooper (Holdings). Wolverhampton-based steel processor and components manufacturer, is negotiating the possible sale of part of his 21.2 per cent stake in the company. per cent stake in the company.
Cooper disclosed yesterday
that talks were under way
following a 14p rise in its share
perice over the past twn days to
40p yesterday, a new 1985-86
high. At this price the company
has a market valuation of £3.13m. The negotiations may lead to the purchaser of Mr Cooper's shares taking an involvement in the future management of the

Cooper's pre-tax profits halved in the year ended June 1985, falling to £223,000 against £453,000 the year before.

London Shop calls for £19m

London Shop Property Trust, which yesterday reported a modest improvement in interim profits, is reising £18.56m through a rights issue of conrectible loan stock.

The investment and development company, which holds 77 per cent of its investments in

per cent of its investments in retail property, says it intends to use the funds to finance its continuing expansion.

Mr J. Hugh Jones, chairman, said that London Shop continued to locate good standing investments around the country and it was also refurbishing some of its existing properties. The company was pursuing several development projects, including the demolition and rebuilding of its 14,000 sq ft office building in Wilson Street, City of London.

Mr Hugh Jones added: "Last year, we sold about £18m of property and spent another £20m on acquiring new investments.

property and spent another £20m on acquiring new investments, which showed us an overall return of 8.5 per cent on total purchase costs."

The company says the net proceeds from these four issues, together with funds generated from property sales, have been invested in the acquisition and development of properties. The latest issue will enable the company to continue its investment. pany to continue its investment programme with only "a modest, initial income shortfall on the investment of the proceeds, yet with scope for growth in both income and capital."

Shareholders are being offered

Shareholders are being ouered f3 of 9.25 per cent convertible loan stock for every 10 ordinary shares. The conversion rate for the new convertible stock is equivalent to 169.5p per ordinary share, compared with net assets per share at April 30 1985 of 177.5m.

177.5p.

Th amount being raised is equal to approximately 18 per cent of the combined market capitalisation of the ordinary shares and existing convertible Pre-tax profits in the half-year

ended October 31 1985 reached £3.49m (£3.19m), with net property revenue up from £4.69m to £5.66m on the back of reviews, lease renewals and income from new acquisitions.

There is an interim dividend payment of 1.45p (1.35p) and the board says it expects to recomend at least this percentage increase on the final dividend.

in £35m Inn Leisure merger

Devenish

By Lisa Wood

J. A. DEVENISH, the West J. A. DEVENISH, the West Country brewer, and Inn Leisure, a fast-growing operator of pubs and wine bars, yesterday announced the terms of an agreed merger. Shareholders with a 65.7 percent stake in Inn Leisure have transcribly. accept a £34.5m offer from Devenish.

reduce its dependence on the tourist trade and beer sales.

The consideration is 20 new nrdinary shares in Devenish and 43 4.5 per cent new convertible second pref-

new convertible second preference shares for every 150 sha in Inn Leisure. also being made. Inn Leisure shareholders may opt for cash in respect of all nr part of their new Devenish ordinary shares and canvertible preference shares. The exact amount of cash per Inn Leisure share will depend on how many shareholders opt for cash, but it will be in the range of 111.8p and 115p per Inn Leisure share.

Whithread Investment

Whitbread Investment Trust, the investment arm of Whitbread, Britain's fourth largest brewer, holds a 26.3 per cent stake in Devenish and the merger, according in Barings, the merchant bank acting on behalf of Devenish, here WEFE fell temport. has WIT's full support.

WIT will subscribe up tn #3.09m as a preferred sub-underwriter in the cash offer so as to hold between 15.4 and 20 per cent of Devenish's enlarged share capital on full acceptance of the offer (before acceptance of the oner (before conversion of any convertible preference shares). WIT's exact shareholding after the offer will depend on the level of elections for the cash offer. Devenish, with 350 public houses, is heavily dependent on the fourist trade and beer sales. Last summer's poor weather depressed pre-tax profits for the year to Sep-tember 27, 1985, to £1.87m (£2.06m).

When dealings in the shares of both companies were suspended on Monday, those Devenish stood at 645p and Inn Leisure's at 113p, Yesterday Devenish closed at 770p,

Yearlings down 3% The interest rate for this

The deal will bring into Devenish the retailing experi-ence of Inn Leisure at a time when the brewer is trying in

The merger will give Inn.
Leisure, a USM-quoted company with more than 40 units
in the West Country, London
and the Midlands, a much
stronger asset base upon
which to expand.

up 125p, while lun Leisure closed 18p up at 131p.

week's issue of local authority bonds is 12; per cent, dawn is of a percentage point from last week, and compares with 131 per cent a year ago. The bonds are issued at par and are redeemable on February 4

DIVIDENDS ANNOUNCED

			Corre	Total	Total
	Current	of 51	guibaco	for	lest
		payment		Year	year
Ailsa Invint		March 14		_	1.8
Camferd Engineering			1.05	1.73	1.05
Cowan de Grootint		April 1	1		2
Cray Electronicsint	0.004	April 7	ô.74	_	2.97
Cray Electronics	0.201		U.12	_	~
Ensign Trustint	0.4	May 23			
Finlan Groupint	1.8	April 6	1.87	_	3.8T
Group Investorsint	1.6	_	1.3	_	4.2
G. T. Japanint	0.4	March 17	0.4	_	1.4
Heavitree Brewery‡	6.6	March 26	5.85	8.25	7.5
Kellock Trust		April 6	0.6	0.75	0.6
Leda lav	4.2		3.5	6.65	5.6
London Shop Propint		April 30		_	4.95
Meat Tradeint	1 75	March 27		_	5.25
Medi Arate	4.05	March 12		_	13
Mercantile Houseint	4.23				
Racal Electint		March 10		-	3.03
Joseph Webbint	0.13	April 11	0.13	_	0.51
• Ranivalent after a	gaiwoff	for scrip	issue.	f On	capital
Dividends shown pence	er shar	e except w	here of	herwise	stated
Different bases Passes	44-		inmune.	+ TICLE	ot-ale

BASE LEND	ING RATES
ABN Bank	Hambros Bank 12; 9 Heritable & Gen. Trust 12; 9 Hill Samuel 12; 9 C. Hoare & Co 12; 9
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Brit, Bank of Mid, East 1219, Brown Shipley 1219, CL Bank Nederland 1219, Canada Permanent 1219,	PK Finans, Intl. (UK) 134%
Cayser Ltd. 121% Cedar Holdings 13 % E Charterbouse Japhet., 121% Citibank NA 121% Citibank Savings	R. Raphael & Sons 1217 Roxburghe Guarantee 13 % Royal Bank of Scotland 1217 Royal Trust Co. Canada 1217 Standard Chartered 1217 TCB
City Merchants Bank 121% Clydesdale Bank 121% C. E. Coutes & Co. Ltd. 13 % Comm. Bk. N. Rast 124%	Trustee Savings Bank 121% United Bank of Ruwait 121% United Mizrahi Bank 121% Westpac Banking Corp. 121% Whitespace Laidley
Consolidated Credits 121% Continental Trust Ltd. 121% Co-operative Bank *121% The Cyprus Popular Bk, 121% Duncan Lawrie 121%	Whiteaway Laidlaw 13 % Yorkshire Bank
E. T. Trust	 7-dey deposits 8.70%. 1-month 9.03%. Top Tier—£2.500+ at 3 months natics 12.05%. At cell when £10,000+ remains deposited.
First Nat. Sec. Ltd 121% Robert Fleming & Co. 121% Robert Fraser & Pirs. 131% Grindlays Bark	Call deposits £1,000 and over 9% gross. Mortgage base rate.
Crimers Mahon 121%	

Mercantile House profits advance by 19% midway

Hereautile House Holdings reversed its recent profits fall with an increase in pre-tax profits of 19 per cent on turnaver up by 25 per cent in the six months to the end of October 1985.
The markets, however, greeted the announcement with an immediate 5p fall in the share price to 280p, falling later to the close at 900p. Turnover for the international

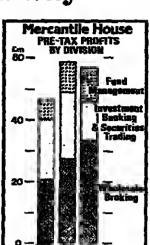
Turnover for the international financial services group improved from £298.48m to £375.71m. Pretax profit was up from £27.51m to £32.67m.

An increased interim payment of 4.25p has been declared, compared with 4p last time. Earnings per share were 21.23p (19.01p), undiluted, and 19.33p (17.92p), fully diluted. Last year there was a total payment of 13p from pre-tax profits of £352.16m.

The results were not affected by the recent sale of \$2 per cent of the securitles operations of Oppenheimer, the US investment group to an investment group

Oppenheimer, the US investment group to an investment group formed by the Oppenheimer management.

They do benefit, however, from a full contribution from Alexanders Discount and the 28.9 per cent bolding in Laing & Cruickshank, compared with a partial contribution last time although Alexanders experienced poor trading conditions.



management continuing its recovery of performance and management

a full contribution from Alexanders Discount and the 29.9 per cent bolding in Laing & Cruickshank, compared with a partial contribution last time although Alexanders experienced poor trading conditions.

Mr John Barkshire, chairman, says the board considers the results to be very satisfactory. He adds that they do not expect the second half to produce the same level of profit as the first, but the full year should still show an improvement on last year's total.

During the period under review the wholesale broking and fund management divisions both produced higher profits with fund

In investment han'sing the US operations, which included Oppenheimer, contributed profits which were sharply higher. The UK results, affected by Alexanders, were, however, disappointing. Mr Barkshire says that a return to higher profits depends on a fall in UK interest rates.

The tax charge was £15.21m (£12.1m) leaving profits for the preference dividends taking an unchanged £770,000 and the interim payment absorbling £3.34m (£3.15m) the retained profit came out at £13.35m, compared with £11.49m for the same period last year.

See Lex In investment han ing the US

Shandwick

Publicity Plus

Shandwick, the public rela-tions group which joined the Unlisted Securities Market last

October, yesterday announced the acquisition of Publicity Plus, 8 public relations, design and print group with offices in London and Norwich.

acquiring

S. Africa buyer for Providence **Capitol Life**

The Old Mutual, South Africa's largest life company, has acquired the UK life company Providence Capitol Life Assurance Company from the Providence Capitol Corporation, based in New York.

No details of the price paid are available but it is believed to be in the £30m£50m range.

Providence Capitol was formed in 1968 as Slater Walker Insurance, the insurance arm of the Slater Walker operations. Since then it has had a succession of owners and changed its name twice. It operates in the unit-linked market, with a unit trust operation, having total assets of £150m and a premium income of £50m. London and Norwich.

The consideration consists of 1230,000 in cash and 285,000 Shandwick shares. With Shandwick unchanged at 175p yesterday, the total cost is £725,750. Publicity Plus reported profits of £114,000 before tax and exceptions of the constant of the constan

f50m. Mr Mike Levet, managing director of the 1400 Un autura, said that the acquisition would give his company the opportunity to develop a significant presence in the UK life assurance market and give it direct access to innovative developments in UK financial services.

UNIGROUP received scrept-ances totalling 2,845,598 shares (97.21 per cent) regarding its recent rights issue. The balance was sold in the market.

Tootal stake

J. Rothschild Holdings, the investment company run by Mr Jacob Rothschild, bas redoced its stake in Tootal, the textile group, from 7.6 to 4.97 per cent.
Rothschild announced yesterday it bad sold 4.75m shares, retaining 8.8m. Last month Rothschild reduced its holding in Tootal from 9.1 per cent.

of £114,000 before tax and excep-tional items on operating income of £557,000 in the year to last December. Its client list in-cludes Amsterdam Airport, Holsten lager, KLM Royal Dutch Airlines and Marriota Hotels.

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London Shop Property Trust pic Beaumont House, Lloyds Bank Pic.

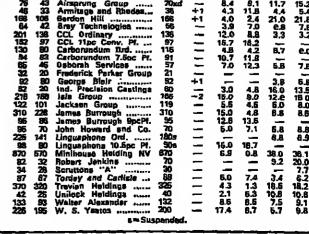
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January 21, 1986 to April 20. 1986, the rate of interest has been fixed at 8 3/8 % P.A.

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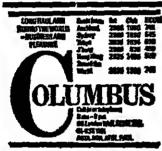
MAJEDIE

Investments PLC

The Company's unaudited not asset value, including listed investments at market value, was 235p per share at 31st December 1985.

The comparative figure at 30th September 1985 was 218p per share.

Flights



UK COMPANY NEWS

The Argyll camp will be pin-

Metthew Brown. Scottish and Newcastle had

been continuing to receive acceptances for its effer until 5 pm on the final day of the offer having earlier consulted the executive. The full panel decided it should have stopped before 5 pm.

June 1988.
Porter's shares rose 3p to 245p.

There is a cash alternative of 21.09p for every A share and 105.47p for every B.

The acquisition will increase Ensign's equity by 8.5 per cent, dropping the pension fund's holding to 80 per cent. At the time of the takeover the fund gave an undertaking in the Stock Exchange to come down to 75 per cent.

when they have further informs

before 5 pm

Porter Chadburn expands

Ensign Trust £15.5m agreed bid

David Goodhart on Williams Holdings' expansion programme

Three stages of empire building

IN JUST four years Mr Nigel Rudd and Mr Brian McGowen have built up Williams Holdings into a diversified engineering company out of the unpromising debris of the recession.

ning its hopes on the full panel reversing the executive's guid-suce as happened recently in Scottish and Newcastle's botty contested bid for fellow brewer Now they seem on the threshold of an ambitious expansion designed to carry the company into a much bigger league.

Their latest target appears to be McKechnie Brothers, the plastic and new-terrous metals group more than twice the size of Williams.

Rudd and McGowan revealed at per cent stake in the company last month and most analysts expect a bid.

pill tactics.

However, the initial indications from the Take-Over Panel executive, which considered the question on Morday, were that it was not a matter which it fekt it should take action against.

Agyll has also been consulting lawyers over the unusual underwriting agreement but it seems unlikely to muster much legal opposition. Distillers and Guinness say they consulted lawyers before completing the arrangements. McKechnie also appears to believe a bid likely and last week launched its own £62m allshare bid for Newman Tonks, a fellow Midlandshased manu-facturer. Rejecting the advance Newman described it as a defen-sive move by McKechnie using paper inflated by the Williams

McKechnie naturally says the move had been planned for a long time. In any case the move on Newman, even if successful, would probably not make McKechnie prohibitively large in the current take-over climate.

Porter Chadbura, the manufacturer of food and drink industry. Its principal suppliers equipment which is now part of G. M. Firth, is to pay up to Viet, which makes ironing equipment for continental Pressurer ment, and Test Bugelmaschinen Wiethuchter, which makes pressing equipment to the garment industry.

It will pay £2m in cash on completion with up to a further £1.4m becoming payable over the next three years, depending on CPT reaching specified profit targets. in the current taxaverse climate.

However, opinion is divided on whether such a bid would represent a brave new stage in Williams' charmed life or the first serious over-reaching since that the total tensor matien. its 1982 transformation.
Supporters of the prospective bid are still easier to find than critics and in the light of Williams' record to date it's

Porter's strategy of expanding its specialist merchandising and distribution businesses. The joint owners and managers of CPT, Mr K. Seldis and Mr P. Koppel, will sign service agreements up to type 1009 easy to see why.

In February 1982 Rudd and
McGowan paid 4400,000 for control of the loss-making Welsh
foundry group Williams and
Sons which was valued at

sons which was valued at 1850,000.

They now run a group with a capitalisation of £22m, turnover of about £120m and estimated profits for 1985 of £5m with over £10m predicted for 1986.

In the process, the company has become a City favourite—coupled with other growing industrial holding companies like Suter and F. H. Tomkins. The two men have ruthlessly applied the well-tried "shake-out" principles to their acquisitions: immediate closures; manning reductions; slashing of overheads; "liberating" of suppressed middle management talent and imposition of lighter financial controls.

They have taken risks, such

pressed middle management talent and imposition of tighter financial controls.

They have taken risks, such as busic serospace components, volumes and companies.

They have taken risks, such as the acquisition of Leys as the acquisition of Leys are in their mid-twenties working for the holding company but most takeovers have been well calculated. From the start they have also mixed in some high return businesses, such as their mart car dealerships in the north, with the relatively ment of P & O. Ten years later two of its development. BARRIE Investments and Finance says it believes a shareholder has accumulated a stake of more than 20 per cent without notify-ing the company as required by the Companies Act. The directors will inform the Stock E-range



they joined forces again to buy
the foundry company.

For the first few months they
ran the show themselves but as
the acquisitions began so did
the delegation. "Our management job now is a personnel one
—we choose the people and then
give them a high degree of
operational autonomy," says
McGowan. low return foundry businesses. They did not move into profit until 1984, with £2m pre-tax. By then they had assets, in the shape of Leys, but also considerable debt. That was largely wiped out in May 1985 through the sequisition of J. and H. B. Jackson, a cash rich and profitable engineering company. able engineering company.

The two most recent acquisitions—Rawiping and Spencer Clark— have again been widely applauded. They take the group They have been careful to avoid becoming overstretched in

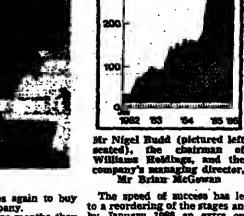
closer to the consumer and as they are both companies that Williams has known for some time it can see the possibility of genuine synergy. Williams now operates from six divisions: specialist engineer-ing, vehicle distribution, engi-neering products, plastics, invest-ment property and foundries. ment.

They think bard before every move although the initial idea has in some cases sprung from Rudd's perusal of the Investor's Chronicle in the bath.

Now they are known to be acquisitive they get about 20 offers a week from merchant banks and other companies, most of, which end up in the bin.

The latter only accounts for about 10 per cent of turnover and only a little over 5 per cent of profit so it irkes when the company is still referred to as While Williams has no wish to

white withing has no wish to hide its essentially metal-bashing roots Rudd points out that if has concentrated on niche busi-nesses with growth potential. In these specialist, low-tech, markets, such as basic serospace



scated), the chairman of Williams Heldings, and the company's managing director, Mr Brian McGowan The speed of success has led to a reordering of the stages and by January 1966 an extra one had been added. Rudd now sees the acquisition of Jackson as the end of the first stage.

Share Price

It is the second stage, upon which they have very recently embarked, which now stretches from profits of £10m to £100m. The third stage is "where Hanson and BTR were a couple of years ago," eays Rudd.

avoid becoming overstretched in the past two years by splitting the senior management into those who concentrate on acquisitions (Rudd and McGowan), the "hit teams" which temporarily take over new acquisitions, and the more permanent management.

They think bard before every move although the initial idea has in some cases spring from Rudd's perusal of the Investor's Chronicie in the bath.

Now they are known to be acquisitive they get about 20

They certainly take the long view and Rudd acknowledges that might involve "long periods keeping our head down." McGowan adds: "We have used our paper in a boil market and will now be ready to use cash in a bear market."

But is McKechnie too big a step? Mr Peter Baring, a director of Baring Brothers who advise McKechnie, points out that the skills of Rudd and McGowan have nover been tried on anything the size of

on anything the size McKechule. . After some years of under-

performing, the company last year boisted profits 13 per cent to £16.4m on turnover of £222m
The Williams pair themselves
acknowledge that "stage two"
will soou require an overhaul of separate context says: "We have been careful to try to avoid acquisition fever, which can easily lead to silly bids."

Nevertheless, Rudd's "stages" theory of empire building has, interestingly, shifted algoid-cantly as horizons have expanded to the next 18 months. the present management struc-ture with its small central board. Rudd also describes, rather wistfully, one of the drawbacks of success: "It does get lonelier. At the original Williams I used to know everyone on the factory floor; at Rawiping I only know the top 10 guys and at stage three I will only know the chief executives."

It is a kind of loneliness be is desperately seeking.

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Ensign Trust has made an agreed £15.52m offer for Cammanwealth Development Figures Company, a venture capital business largely concentrated in the US and Australasia. Ensign won agreement fespitations of the Book of England, which controls \$0 per cent of the Bordinary shares following a refinancing package and holds some A shares, in aggregate amounting to 42.1 per cent of the capital, has accepted the bid. The purchase price compares to a net asset value of £17.52m. The offer is 17.08 ordinary shares in Ensign for every 100 A ordinary in CDFC—largely held by industrial companies—and \$4.4 Ensign shares for every ton. **Motor Cars**

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Panel hearing

Argyll appeal

today for

THE ATTEMPT by the Argyll supermarkets group to block the unusual payment arrangements in the underwriting of the Guinness bid for Distillers will today be considered by the full Take-Over Panel.

Argyll, which had its £1.9bn

bid for Distillers leapfrogged by Guinness's £2.2bn agreed bid, is alleging that Distillers' agree-ment to shoulder its latest

bidder's underwriting costs of at least £14m is an unwelcome

introduction of US-style poison

Industry.

It will pay £2m in cash on completion with up to a further £1.4m becoming payable over the next three years, depending on CPT reaching specified profit targets.

Porter will finance most of the deal through a £1.75m rights issue of 2.03m convertible pre-ference shares with a further £250,000 coming from unused bank facilities.

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of which end up in the bin.

Nigel Rudd refuses to com-ment on their intentions to-wards McKechnie, but in a separate context says: "We have

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Several Rivers Entered Edition May Piez 7, No. 7 Available Contracts of Contracts of Contracts of Contract o 2. Telen: 25434. Tel: 0003-403 578.

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Tel Advertising and Circulation Tolans (16.193. Tel. 2017.176).

General Sillerial Advertising and Circulation 15 and Circulation 15 and Circulation 15 and Circulation 16 and Circulation 17 advertising and Circulation 17 advertising court, Manufacture, 16 and Circulation, 18 wonders of the Circulation 16 and Circulation, 18 wonders of the Circulation 16 and Circulation 16 and

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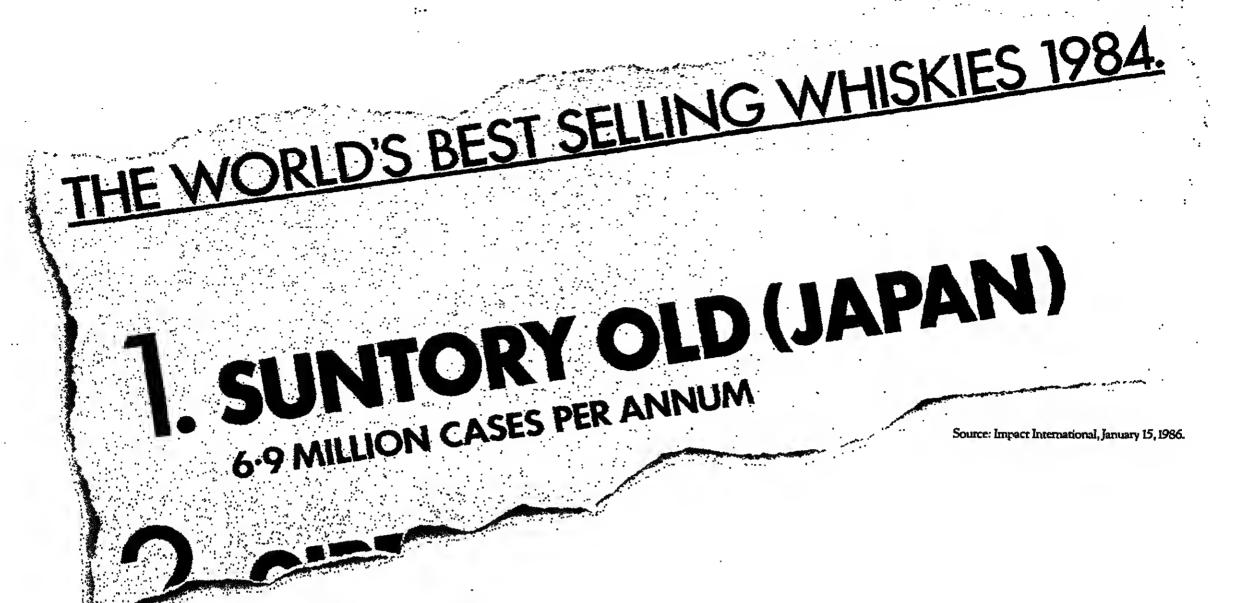
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most loved names.

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Cray profits jump—raising £13m

A NEAR 68 per cent advance in first-half pre-tax profits, a 30 per cent increase in the interim dividend, and a proposal to raise £13.2m through a rights issue are amounced by Cray Electronics Holdings, which serves the communications, marine and industrial security trades:

half pre-tax proble, a continued in the interim dividentations, marine and industral security trades.

The rights is on a 2-for-1 basis at 2350 per share, a 350 discount over the closing price on Mionday—yesterday the shares were 2330. Initially the new funds will be used to reduce borrowings but it is the directors' intention to continue to achieve a high rate of growth of turnover and profits both organically and through acquisition. They believe that group prospects are excellent.

**The rights is on a 2-for-1 basis at 2350 per share, a 350 discount over the closing price on Mionday—yesterday the shares were 2330. Initially the new funds will be used to reduce borrowings but it is the directors' intention to continue to achieve a high rate of growth of turnover and profits both organically and through acquisition. They believe that group prospects are excellent.

**The rights is on a 2-for-1 basis directors to cooler 31, and order levels are encouraging.

Maivern's results are in line with expectations and its integrated in the shares to 2530 the gration is progressing well. Cray's recent investment in errorceds will transform a balance on in the marine and subset and equipment proceeds will transform a balance on grower and profits both organically and through acquisition. They believe that group prospects are excellent.

**The rights is on a 2-for-1 basis the directors is any that the good performance which each cap that the city limelight bot tions, shun the City limelight bot tions, at 13.2 m rights issue and a Maivern's results are in line with expectations and its integrated in the shares to 2530 the grater and each profits of the communications division is shown had the desired effect. The mate communications division is a small net cash position. They believe that group prospects are shown had

for the six months ended Octo-ber 31 1985 increased 35 per cent to £20.1m, while the pre-tax through at £1.27m (£757,000) for profit came out at £2.12m, against through at £1.27m (£757,000) for profit came out at £2.12m, against carnings of £86p (£91p) per £1.26m. Comparative figures have share. There are extraordinary been adjusted. The interim divi-dend in 0.957p per exclusive £736p.

a balance sheet that had become expensively geared to fund the group's rapid development. With a compound growth rate of over 30 per cent few investors are going to baulk at throwing more money Cray's way. There are five core divisions communications, marine, service and security and two new oces—the Malvern acquisition, adding par-ticle analysis and a bome grown joint-ventue with a group of scientists to develop advanced materials. All areas concentrate materials. All areas concentrate on niche markets with strong growth prospects. This year profits could reach £6½m for a prospective p/e of 18 and next year might see over £8m dropping the multiple to under 14. Cray rode out the electronics shakeout well but the shares are perhaps a shade behind events.

Joseph Webb

advances

to £0.13m

buys US fruit farm for £9.4m Angle American Agriculture, the US estate management group, has led a consortium of British companies in the \$13m (19.4m) purchase of a Californian fruit farm and packing business.

Anglo which is traded under Stock Exchange rule 535.2, is heading a consortium comprising Christian Salvasen, the storage

Christian Salvesen, the storage and distribution group, James Finlay, the international trader, and the Plantation Trust Company. Anglo will have a 36.7 per cent equity stake in United Californis Farms (UCF) and will manage 800 acres of stone fruit farms planted with peaches, nectarines and plums.

The packing company. United The packing company, United Packing Company, will be largely acquired by Christian Salvesen though UCF will hold between 8 and 11 per cent of its equity.

Consortium

between 8 and 11 per cent of its equity.

Anglo has also arranged the financing for a management buyout of the principal western, an agricultural management agency. The British group will take a small holding in Doane.

These investment have been financed by the issue of £1.45m of 7.5 per cent convertible unsecured loan stock 1999.

Flogas well ahead in first half

ON A RISE in turnover of 20 per cent from £2.41m to £2.89m, pre-tax profts for Jeseph Webb increased from £120,000 to £131,000, an improvement of 8 per cent in the six months to September 30 1985.

From earnings per 5p share of 0.34p, against 0.27p, this West Midlands-based company is paying an unchanged interim dividend of 0.1313p.

Operating profit was £386,000 (£310,000) being split between holidays £272,000 (£202,000) and property investment £114,000 (£108,000). The pre-tax figure was struck after depreciation of £233,000 (£218,000) and net interest charges of £255,000 (£190,000). Flegas, the Irish importer and distributor of liquicaled and distributor of liquidied petroleum gas, has experienced continued growth in all markets in the half year ended November 30 1985, and has lifted its turnover by 22 per cent to 158.86m (£8.06m) and its pre-tax profit by 36 per cent, from 1£4.84,000 to 1£658,000.

The directors say they are confident for the rest of the year. The second haif provides the greater proportion of profitsust year £1.36m. The interim dividend has already been raised

The company's shares are traded on the USM.

Cowan de Groot share holding changes hands

Cowan de Groot, the toy manufacturer and electrical wholesaler, yesterday announced interim pre-tax profits of from the board and Mr Birch is toward and Mr Birch is companies. "This is a personal from the board and Mr Birch is companies." This is a personal it, as also will Mr John Matthews, and unveiled a substantial change of Cowan's merchant bank, and white, on to its board.

Tricorndale, which is comed by Cowan director Mr Richard Colburn and his family, has sold its 12.9 per cent stake in the group, and 9.5 per cent of the shares (1.5m) have been acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the state of the same acquired at 46p each by Powder plan Securities, which is conversely and the same and Mr Birch and Mr B manufacturer and electrical wholesaler, yesterday announced interim pre-tax profits of £773,000, against £856,000 in the same period of last year, and unveiled a substantial change of share ownership which will bring Mr Philip Birch, chairman ot Ward White, on to its board.

Tricorndale, which is owned by Cowan director Mr Richard Colburn and his family, has sold its 12.9 per cent stake in the group, and 9.5 per cent of the shares (1.3m) have been acquired at 45p each by Powder plan Securities, which is controlled by Mr Birch and Mr David de Carle. The remainder will be put through the market. Cowan's shares rose 14p to 65p

Ward White, a fast growing retailing group, last year acquired a chain of 80 toy shops, trading under the Zodiac name, when it bought Maynards. Cowan's shares rose 14p to 65p

The first half represents the major portion of the year's profit but they are expecting further progress over the 12 months. The interim dividend is raised from 1p to 1.25p set.

Edinburgh Markheath still set on American earnings rise The directors of Markheath now declared.

A substantial increase in earnings from 0.58p to 1.39p has been achieved by Ediaburgh American Assets Trust in 1985. And the dividend is lifted from an effective 0.45p to 0.5p net per share.

At the year end not asset value At the year end not asset value per share came to 140.4p, compared with 123.4p, after prior charges at per but before loan stock conversion. Assuming full conversion the asset value was 129.4p (112.9p). The investment in North America equals 76 per cent of assets.

Total revenue for the year rose from £2.65m to £4.85m, with franked £407,000 (£296,000), unfranked £3.87m (£2.09m), and deposit income £538,000

£1.4m profits target

Securities, the property developer and investor, re-affirm the forecast of pre-tax profits of at least £L4m for the 15 months ending March 31 1986.

Negotiations for the acquisi-tion of further development sites are proceeding and, with increased rental growth and tennant demand, should enable the group's profit to grow signifi-cantly over the next two years,

The forecast was made with the £7.3m rights issue of last June, the proceeds being used to enable the group to establish an investment portfolio by retaining some of its deevlopments as well

In a second report covering the nine months ended Septem-ber 30 1985 the directors say turnover moved shead to 58.04m

(£4.56m) and the loss reduced to £6.04m (£4.56m) and the loss reduced to £411,000 (£631,000). After a tax credit of £169,000 (£317,000) the net loss per share is 1.1p (£.06p). For the whole of 1984 the group loss was £2.39m and the dividend total 9.75p.

comprises principally the pro-ceeds of sale of the development at Stratford for which provision was made in the 1984 accounts

(£190,000).

The bolidays increase reflects a rise in bookings and the Looe acquisition. Following its normal practice half of the full year's results have been included.

In the present half the company has launched a scheme for sales of caravans for its parks and boliday villages to private owners, which is expected to increase income and profitability for the self-catering holiday sector. as by acquisition. A dividend of 2.68p net was also forecast, and of office development at Stratford the promised 0.75p interim is is progressing well

Frank Usher to seek flotation on the USM

Frank Usher, the high fashion lothing business which has clothing business which has been sold back to its founders, Max and Ann Bruh, by Mrs Jennifer d'Abo's Stormgard group, is to seek a USM flotation

in April.

Stormgard acquired Usher as part of the Selincourt textile group last year but announced its sales in December, together with a \$4.7m rights issue in a move to strengthen its finances.

Three institutions, IFICO, 3i and The 1928 investment Trust, paid £2.5m in cash to finance the buy-out. They have also granted a £750,000 debenture to Stormgard, convertible into ordinary shares in Usher when it is floated on the USM.

A new holding company, Frank Usher (Holdings) has been formed. It will be managed by Mr Stepben Bruh, 39, and Mr Robert Bruh, 36, together with their parents. Devon-based Heavitree Brewery raised its turnover from
£4.47m to £4.75m and saw its
profits at the pre-tax level improve by £128,000 to £737,000 in
the year to October 31, 1985.

From earnings of 22.8p (14.8p)
per 25p share the USM dooted
company is lifting its total dividend by 0.75p to 8.25p net with a
final payment of 6.6p.

The previous year's profits incloded £36,000 from a property
sale.

with their parents.

The new company has acquired all the share capital of Bowker Bruh Designs, the "Coterie" fashion company estab-

Berkeley Technology

Berkeley Technology, the US development capital and corporate finance specialist, has matched the profits forceast made when it was listed en the Stock Exchange last February.

It reported aftertax profits of ished in 1984 by Mr Stephen Bruh.
Frank Usher was founded by the Bruhs in 1942 and sold to Selincourt in 1962.
Sponsoring brokers to the Usher flotation are expected by Laing & Cruickshank.
Mr Christopher Norland of IFICO will become ebairman while Mr John Corre, senior partner of accountants Auerbach Hope, will become director responsible for finance. \$1.35m (£4.57m) for the 11 months to December 31, 1985, slightly higher than its estimate

The board has proposed a final dividend of 4.4 cents gross, making a total of 6.7 cents, in line with the forecast. Earnings per what the liverast. Earnings per share were 11.5 cents.
Revenue for the 11 months was \$11.52m.

BOARD MEETINGS

Interime: Chencery Securities, Hembro Trust, Hossibe Trust, Home Ferm Products, Just Rubber, Kewill Systems, Marker Estates, W. H. Smith, Zetters, Finals: Allied Textile, Fleming Fledga-ling investment Trust, Union Discount Company of London. Finals: Ang Investment Irus. Company of London. FUTURE DAYES

Bailey (C. H.) Feb 10 Fleming Enterprise Inv. Trust Jan 31

Simmer and Jack Mines Limited

(Incorporated in the Republic of South Africa)

Summary of 1985 **Results and Dividend Declaration**

The unaudited results of the company and its subsidiaries for the year ended 31st December 1985

	1965	1984
	R000's	R000's
Net Income before Taxation	2,780	1,780
Taxation	1,424	918
Net Income after Taxation	1,356	862
Extraordinary item (Recoupment of Expropriation costs)	129	73
Income attributable to Shareholders	1,485	935
Capital Commitments	NIL	NIL
No. of Shares in issue	6,750,000	6,750,000
Earnings per Share - Cents (before extraordinary item)	20,1	12,8
Earnings per Share - Cents (including extraordinary item)	22,0	13,9

Dividend Declaration No. 2 The Directors have declared a dividend of 20 cents per Share (1984: Ordinary Dividend of 10 cents per Share and a special dividend of 15 cents per Share), payable on or about 17th March 1986 to Shareholders registered at the close of business on 21st February 1986.

Holders of share warrants to bearer must lodge the complete bond with the London Registrar in

The transfer books and register of members will be closed from 24th February 1986 to 28th February 1986, both days inclusive. Non-resident Shareholders' tax will be deducted where applicable.

Details of the Group's operations will be contained in the Armual Financial Statements which will be mailed to Shareholders during March 1986.

SIGNED ON BEHALF OF THE BOARD P. B. Gain

Chairman C. E. Dixon Managing Director Registered Office

Suite 1401, 14th Floor Standard Bank Centre 78 Fox Street Johannesburg 2001 27th January 1986

Share Transfer Secretaries Hill Samuel Registrars (S.A.) Limited 101 Market Street Johannesburg 2001

NOTICE TO HOLDERS OF

American Express Company American Express Bank Ltd.

American Express Travel Related

Services Company, Inc.

Shearson Lehman Brothers Inc.

Lehman Government Securities Inc., and Lehman Commercial Paper Incorporated

(collectively, the "Companies")

11%% Guaranteed Notes Due 2000

We hereby notify you of the resignation of Manufacturers Hanover Trust Company, as Trustee under the Indenture, dated as of June 1, 1985, pursuant to which your Notes were issued and

London Registrars and Share Transfer Secretaries Hill Samuel Registrars Limited 6 Greencoat Place London SWIP 1PL

MEAT TRADE Suppliers reports taxable profits of £70,702, against £79,647, for the six mouths to end-September 1985. Turnover was £3,65m (£3,79m). Earnings per share were 1.62p (1.67p). The interim dividend is held at 1.75p.

IN BRIEF

LEDA INVESTMENT Trust's LEDA INVESTMENT Trust's net asset value per 5p capital share at the end of the 1985 year stood at 200p compared with 170.1p a year previous. Net revenue advanced from £201,341 to £342,208 and sarnings per 20p income share were 6.87p (5.85p). The second interim dividend (in lien of a final) is 4.2p (3.5p) making 6.66p (5.6p).

MURRAY SMALLER Markets MURRAY SMALLER Markets
Trust saw its net asset value
improve to 253p on November 30
1985, compared with 203p a year
earlier, and 222.1p at the end
of May. From dividends and
interest of £1.08m (£1.28m) and
underwriting commission of
£6.297 (nll) net revenue came
out at £404.283 (£507.971). With
earnings of 1.42p (1.5p) an
interim payment of 0.8p net
(0.7p) has been paid.

G. T. JAPAN Investment Trust G. T. JAPAN Investment Trust is holding its interim dividend at 0.4p net per share although earnings for the half year ended December 31 1985 have fallen to 0.82p (0.82p) diluted and to 0.58p (0.92p) undiluted. Net revenue was £152,000 (£241,000) after interest charges £45,000 (£106,000) and tax £102,000 (£197,000). Net asset value was 1822p (263.7p) and £158.9p (2137,000). Not asset values was (203.7p) and £158.9p (176.4p) assuming full conver-sion of the loan stock. Fund remains fully invested.

AILSA INVESTMENT Trust re-ALLSA INVESTMENT Trust reports net taxed revenue of £1.11m (£526,600) for the half year ended November 30 1985. Earnings are 2.17p (1.03p) and the interim dividend is lifted to 1p net (0.6p) and unchanged final of 1.2p is anticipated. Net asset value was 116p (109p) at November 30 and bad moved up to 120.1p by January 21 Pretax revenue for the half year came to £1.76m (£791,000)

> LADBROKE INDEX 1,151-1,155 (+14) Based oe FT Index Tel: 01-427 4411

down from 5.5p to 1p but the interim dividend is maintained at 3p—last year's final payment was 6p paid from profits of £701,000.

Mr Gordon says the dominat-ing feature affecting results was the reorganisation of facilities at Hampton to establish two separate business divisions.

To ensure customer service was unaffected, many orders due was manected, many orders one in May and June were delivered, with approval, before the end of April, The effect of this was to give a profit benefit to the final quarter of 1984-85—at the expense of the 1985-86 first quarter—of at least £100,000.

Mr J. Gordon, chairman, says that the flow of orders received and the current value of outstanding orders are both at a satisfactory level. With the teething troubles of the reorganisation, which affected first half results, out of the way, he tells shareholders that each division is now progressing in In addition, costs attributable plan to reduce costs and restore profitability to former levels. Earnings per 50p share are to the reorganisation amounting to £86,000 were charged in the first half.

Group Investors assets rise

Reorganisation hits Hallite

REORGANISATION of facilities, which affected orders, and adverse currency movements at Hallite, synthetic rubber and plastic precision seal maker, left taxable profits at £46,000 for the 27 weeks ended November 2 1985. This is compared with £265,000.

sion is now progressing in accordance with the strategic

After deducting prior charges at par, net asset value per 25p £175,195 to £231,397 after tax of share of Group Investors rose £119,248 (£87,625). Earnings from 314.6p at June 1985 to moved ahead to 3.22p (2.47p) and the interim dividend is 1.6p Fully diluted for options outstanding the figure emerged at 299.3p, compared with 288.3p.

Net revenue for the half-year

This announcement appears as a matter of record only,

Heavitree improves

Devon-based Beavitree Brew



THE SOUTH STAFFORDSHIRE WATERWORKS COMPANY

£12,000,000

Medium Term Transferable Loan

Provided by

Allied Irish Investment Bank plc Central Trustee Savings Bank Limited Samuel Montagu & Co. Limited Standard Chartered Bank

Samuel Montagu & Co. Limited



January 1986

All these securities having been sold, this announcement appears as a matter of record only

SMITH & NEPHEW Associated Companies plc (incorporated in England with limited liability)

US \$60,000,000

5½ per cent. Convertible Bonds 2000

The Bonds carry conversion rights into Ordinary Shares of the Company at £2.18 per share (subject to adjustment in certain circumstances) at a fixed exchange rate of US \$1.4202 to £1.

Kleinwort, Benson Limited

Algemene Bank Nederland N.V. Banque Paribas Capital Markets Limited

EBC Arriro Bank

Morgan Grenfell & Co.

Commerzbank Aktiengesellschaft Credit Suisse First Boston Limited Morgan Stanley International

Banca del Gottardo

Bank J. Vontobel & Co. AG

Banque Nationale de Paris

Goldman Sachs International Corp.

HandelsBank N.W. (Overseas) Ltd.

Prudential-Bache Securities Internations

Baring Brothers & Co.,

Lloyds Merchant Bank

Samuel Montagu & Co.

S.G. Warburg & Co. Ltd.

Daiwa Europe

Phillips & Drew

January 1986

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International Limited

Hentsch & Cie.

N.M. Rothschild & Sons

Banque Bruxelles Lambert S.A. Chase investment Bank **County Bank Limited** Dresdner Bank Aktiengesellschaft Nomura International Limited Societé Générale

Union Bank of Switzerland (Securities) Limited **Bankers Trust International** Bank Leu International Ltd., Banque Internationale à Luxembourg S.A.

Berliner Handels- und Frankfurter Bank

Banque de Neuflize, Schlumberger, Mallet Crédit Commercial de France Robert Fleming & Co.

Banque Kleinwort Benson SA Barclays Merchant Bank Credit Lyonnais Genoscenschaftliche Zentralbenk AG Great Pacific Capital S.A.

Grieveson, Grant and Co. Kredietbank N.V. Lombard Odier international Underwriters S.A. Morgan Guaranty Ltd

Merrill Lynch Capital Markets The Nikko Securities Co., (Europe) Ltd. Pierson, Heldring & Pierson N.V.

Bank Mees & Hope N.V.

Swiss Volksbank Yamaichi International (Europe)

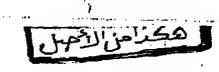
The Companies have appointed Bankers Trust Company, whose Corporate Trust Office is located at 4 Albany Street, New York, New York 10015, as Successor Trustee under the Indenture, which appointment has been accepted and becomes effective as of the date of this

The Companies have appointed the Corporate Trust Office of the Successor Trustee (for registered Notes only), at 4 Albany Street, New York, New York 10015, Bankers Trust Company at Dashwood House, 69 Old Broad Street, Loudon EC2P 2EE, England, Bankers Trust Company at 12-14 Rond-Point, Des Champs Elysses, 75368 Paris, Cedex 08, France, Bankers Trust GmbH at P.O. Box 2665, 6600 Frankfurt am Main, Bockenheimer Landstrasse 39, West Germany, Credit Suisse at 8 Paradeplatz, CH-8021, Zurich, Switzerland, Banque Indosuez Luxembourg at 39 Allee Scheffer, L-2520 Luxembourg and Banque du Benehux S.A. at Rue de Colonies 40, B-1000, Brussels, Belgium as its paying agents for the payment of principal of, premium, if any, and interest on the Notes. By: AMERICAN EXPRESS COMPANY

AMERICAN EXPRESS BANK LTD. AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC. SHEARSON LEHMAN BROTHERS INC. LEHMAN GOVERNMENT SECURITIES INC. LEHMAN COMMERCIAL PAPER INCORPORATED MANUFACTURERS HANOVER TRUST COMPANY BANKERS TRUST COMPANY

Dated: January 29, 1986





SMITH AND OTHERS V CROFT AND OTHERS Chancery Division: Mr Justice Walton: January 27 1986

المحرور فالمراجع والمحاج والمحاء والمحاج والمحاج والمحاج والمحاج والمحاج والمحاج والمحاج والمحاء والمحاج والمحاج والمحاج والمحاج والمحاج والمحاج والمحاء والمحاء والمحاج والمحاج والمحاء والمحاء والمحاء والمحاء والمحاء والمح

MINORITY SHAREHOLDERS who apply for an order that their pending action against the company should be con-ducted at the company's expense, must normally do so inter partes disclosing all supporting affidavits and exhibits; and the application will fall if the action appears to have no chance of success and in present the second success. and is brought against the express wish of the majority of independent shareholders. Mr Justice Walton so held

when giving judgment for the company, Film Finances Ltd, on its epplication to set saide an order of Master Chambertain that it should indemnify minority shareholders for costs in their pending action against members of the company's board, other companies to which board members' remuneration had been paid, and the company HIS LORDSHIP said that

They followed e procedure suggested and sanctioned by the Court of Appeal in Wallersteiner Court of Appeal in Watersteiner to Moir (No 2) [1975] 1 QB 373 and applied ex parts in the Master for an order that the company should indemnify them against their costs in the ection. The application was supported by an affidavit sworn by their solicitor, to which was exhibited solicitor, to which was exhibited a statement by a Mr Hifl, an

The Master acceded to their application by an order made on March 28 1985. The company ns to the present proceed-

holders had taken ont a summons requesting that they should be et liberty to tax their costs on e common fund basis at three-monthly intervals. By an order of June 11 1985 the Master acceded to that request, but only as to 60 per cent of the bills. The minority charebolders and the emporty enarenciders and the company both appealed from that order, the shareholders on the basis that it ought not to be restricted to 60 per cent, and the company on the basis that no such order should have been made.

page 391 Lord Denning MR said that "the minority sharebolder, eing an agent acting on behalf f the company, is entitled to be

HIRE 1)

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The court ought not to make a Wallersteiner v Motrorder where there was any real possibility of its producing injustice.

The first question was whether such an order should be made. er parte.

In a normal case the order should most definitely not be

should most definitely not be made at ports. That procedure could only lead to appeal whereas it would be far more satisfactory if the application were dealt with in one.

In a Re Beddoer application (1893) I Ct. 557), where trustees obtained leave to bring en action at the expense of the trust estate, a defendant beneficiary was allowed to be present and to address any arguments to the court (see Re Moritz [1960] Ch. 251. If he won, orders as to costs would be made, including an order that no part of the cost of bringing the action should be thrown on his share of the assets.

In a Wollersteiner v Moir application there was no such possibility of subsequent rectification of injustice. How much caron of injustice. How much more then must it be right that the company should be joined as a party able to key what facts it could before the court?

The next question was what part of the plaintiffs evidence filed on the summons should the account to the plaintiff of the pla

filed on the summons should the company be allowed to see? First, it must be allowed to see the affidawits, pursuant to the Rules of the Supreme Court (see Order 41 rule 9 (3A) and Order 63 rules 3, 4 and 4a).

63 rules 3, 4 and 4a).

A person who was entitled to see an affidavit was entitled to see the exhibits thereto (see Hincheliffe [1895] 1 Ch 117). The only intelligible practice on a Wallersteiner v Moir application must be that all such evidence should be disclosed to the ence should be disclosed to the company, save to the extent that it consisted of matters covered by legal professional privilege, or where there was some other excellent reason for its being held back. Unless it had been disclosed how was the company to be in a position to demoksh the plaintiff's case?

In the present case much of the meat of the minority share-holders' case was contained in Mr Hell's exhibited statement. Virtually all the documents exhibited to his statement would have been disclosed on discovery. It would seem incredibly unjust

in the meantime.

The whole of the evidence filed members involved were not actory plaintiffs should be disclosed.

That procedure was in the best interests of memority share holders. It was well settled that an order made ex parte could not be relied on unless the per-

against all costs reasonably incurred by him in the course of
the agency"

The court ought not to make a would tend to show that his case was not good.

The third question was what was the proper test when deciding whether a Wallersteiner v. Most order should be made. Mor order should be made.

The court could not at this stage decide the truth of the allegations. What it could do, however, was to look at all the facts, first those which were common ground, then those alleged by the company but denied by the plaintiffs, and make up its mind.

This was not an application to This was not an application to strike out the action on the grounds that it could not be justified as a minority shareholders' action, but the same kind of considerations applied. If the majority of the independent shareholders did not wish the action to be continued, the court would not sanction its continuance at the company's tinnance at the company's expense. On December 7 1982 the com-

On December 7 1982 the company chairman received from Mr Hai's solicitors a letter making extremely sarious silegations of financial bregularity against the board and individual members.

The board's reaction was swift and proper. An independent firm of accountants was instructed to carry out an investigation. The managing director wrote on the commany's behalf requesting it. managing director wrote on the company's behalf requesting it to complete the investigation as soon as possible in view of the seriousness of the allegations, and to make a full report to the board. He said the company would not restrict it from extending the company would not restrict in the company would not restrict in the company would not restrict in the company when the company would not restrict in the company when the company would not restrict in the company would not restrict it from extending the company would not res ing the investigation where necessary in the cause of estab-

listing the truth.

Those instructions could not be faulted. They were precisely the instructions one would have expected from a perfectly bonest expected from a perfectly bonest board of directors.

On March 11 1983 the accomminates made their report. In effect, it refuted completely all the ellegations. Put at its highest in favour of the minority shareholders, the most sceptical wholly independent director having read the report would not have concluded that the proceedings had even an even chance of success. On that simple basis alone, the Master's original order could not be justified and must be set aside.

aside.

The mere fact that the board when faced with the adlegations took the course it did, was a if those could have been concaled from the company's gaze
in the meantime.

The whole of the evidence filed members involved were not act-

benedited greatly from its efforts, even if shareholders took the view that the directors had been extremely well paid It was clear from the evidence

that the largest shareholder in the company supported the executive directors throughout for the important reason that without them our investment ently reasonable and practical conclusion. There was no reason whatso-ever not to take its views into

account.

The action should not be allowed to proceed against the express wish of the holder of the majority of independently held shares at the company's expense.

The appeal and cross-appeal on the second summons thus became academic. The rationale for a Woller-steiner v Moir order was to en-sure that the plaintiff in a minority shareholder's action should not be prevented from pursuing an obviously just case through lack of funds, or fear that he might fall and he at risk of costs he could not possibly

pay.

The making of such an order might turn out to have imposed on the company a highlity which ought never to have been imposed. One should therefore

ought never to have been imposed. One should therefore be very careful not to extend the Hability. In order to hold the balance fairly between plaintiffs and defendants it would be incumbent on plaintiffs applying for such an order to show that it was genomely needed—le that they did not have sufficient resources there was no reason why the extra burden should be placed on the company.

The Master was right to order payment of only 60 per cent of the taxed costs because if an order were made for complete payment there would be no spur on the minority shareholders to proceed with the action. Some spur was required. The precise amount would depend on a plaintiff's pecuniary situation.

The order of March 28 1985 was set axide. The company's appeal from the order of June 11 was allowed and the minority shareholders' appeal from thet order of sand from the order of June 11 was allowed and the minority shareholders' appeal from thet order was dismissed.

For the minority shoreholders: Jonathan Parker QC and Daniel Servia (Gouldeus).

For the company: William Aldous QC and Caroline Hutton (Harbottle and Lewis).

By Rachel Davies

THESE REPORTS are published in volume form with the full texts of judgments. For details contact Kluwer Law Publishing,
Africa House, 68 Kingsway,
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APPOINTMENTS

Reorganisation at

Kier.
The contracting activities of

to joining

15 Terriers taken in the car
play. This reduces vision (8)

16 Check work quietly within a
certain period (8)

17 Everyone carried outside
came to (8)

18 Conservation is:

From March 1 Mr Keith Fox becomes operations director and deputy managing director of JEAN SORELLE. He was operations director for Max Factor

THE DE LA RUE COMPANY has released Mr W. C. Shaw from his contract as finance director to enable him to become group finance director of the British Airports Authority from April 1. fir John White, at present group financial controller, has been elected to the board of The De La Rue Company and appointed

Mr Jasper G. Grinling will be retiring from the board of THE NORTH BRITISH DISTULLERY COMPANY on January 31 and Mr James Brumer has been appointed a director.

BRITISH VENDING INDUSTRIES has appointed Mr Jeremy John Male to the board of its main subsidiary company. Automatic Catering Supplies. He was general sales manager of the coffee service division. Also joining the subsidiaries board is Mr John Gorden Mowat. He was group chief accountant and company secretary.

Mr Andrew Price has been appointed finance director of APOLLO FIRE DETECTORS, a member of the Halma Group. He was assistant manager with the independent business group at Price Waterhouse.

ASSURANCES GENERALES ASSURANCES GENERALES
DE FRANCE has appointed
Mr Jean-Pierre Paumier as
general manager of the London
branch. He takes over from
Mr Thierry Auger who has
become AGF general representative in Japan.

Mr Paul Coster has been appointed joint managing director of CENTROVINCIAL ESTATES with responsibility for new development projects.

AGRICULTURAL GENETICS
COMPANY, Cambridge, has
appointed Dr Paul Beseley as
director of research and development. He was new technologies manager of the research products division of Amersham International.

ducts division of Amersham International.

Mr Alasdair N. Macleod has been appointed managing director of WENTWORTH INVEST. MENT SERVICES, a wholly-owned subsidiary of Wentworth Asset Management.

Mr Eddie Honeywell has been appointed production director of DALEPAK FOODS. He was fresh food director of Amos Hinton and Sons.

Mr I. C. Watson is appointed managing director of APV PARAMOUNT from February 1. He has been deputy managing director of APV Paramount from the GCE Group where his last position was managing director of APV Peramount is retiring et the end of January.

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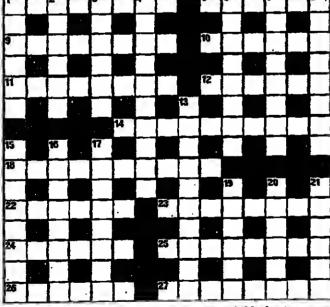
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INTERNATIONAL

MARKET REPORTS

* Including Well St., Tokyo, Sydney and Hong Kong

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F.T. CROSSWORD PUZZLE No. 5,934

ACROSS

ACRUSS

1 Water-colour painting (8)

5 Many a guy is with a leading journalist, that's agreed (6)

9 They tell about the trainee being given a rest-break (8)

10 Soldiers hold e deserter, though there's no charge made (6)
11 Animal cut by trap in the

dark (8)
12 Restraint in management quite the right thing (6)

14 People fighting may be put
out at e girls' do (10)

18 "An undevout . . . is mad."

Young (Night Thoughts)

1. Everyone carried outside came to (8)

Connervationists in Ireland are not divided (6)

20 Apple-core—a modern taste

22 A copper ring of much interest (6) 23 Sort of tree to set by e road 21 Coming nowadays before the

24 Moor the French have made

fertile (6) 25 Sound, like the taking fellow 26 Modish aim in endeavour

(6) 27 The supporter heard ten different versions (8)

DOWN 1 He writes copy in quarters

2 A boor ebout 50, completely exhausted (3, 3) 3 Ignore constraint there's such meet (6) when

C. H. Benzer group

Following the merger of C. H. Is director of Lumbert Brothers
Beazer (Holdings) and French
Kier Holdings the following lem Ship Management, Hong
appointments have been made:
Mr C. A. Frettsome, Mr E. R.
Alles, Mr W. Fox and Mr A. M.
Gammage, directors of French
Kier, will join the board of
C. H. BEAZER on January 31.
Mr R. C. Beazer, Mr H. A. Bees
and Mr T. J. Unsall, directors of
as warehouse and distribution Kier, will join the board of C. H. BEAZER on January 31. Frozen Foods Holdings, has and Mr T. J. Upsail, directors of Beazer, have been appointed director and Mr January 31. Beazer have been appointed director and Mr January 31. Beazer has been appointed chairman of French Kier. Mr J. C. S. Mott, Mr W. R. Hare, Mr H. C. Cottrell and Mr T. Carille bave resigned as directors of French Kier.

The contraction of French Mr January 31 and Mr Janu

Kier.

The contracting activities of the group will be led by French Kier operating through the existing subsidiary companies which will trade under their existing names and management. Mr Frettsome will be the chairman and chief executive of the contracting division with overall responsibility for these activities. Mr Allen and Mr Fox will be the directors, responsible to Mr Frettsome, for UK and oversess contracting respectively. Mr Gammage will join the finance and administration committee of the group. Mr J. R. F. Raw, a director of French Kier, will become financial controller of the group's contracting activities. Mr Upsall will remain the chairman and chief executive of the housing and property development divisions and responsible for these activities in the enlarged group.

4 Left a child about a pound in Wales (4, 8)

6 A rider on rams—be has to be different! (8)

7 People may strike here with little friction (5-3)

8 Underworld boss having lock trouble (8)

13 Published rates dived boss having lock [10]

14 Left a child about a pound in Wales (4, 8)

25 Left a child about a pound in Wales (4, 8)

26 A rider on rams—be has to be different! (8)

27 People may strike here with little friction (5-3)

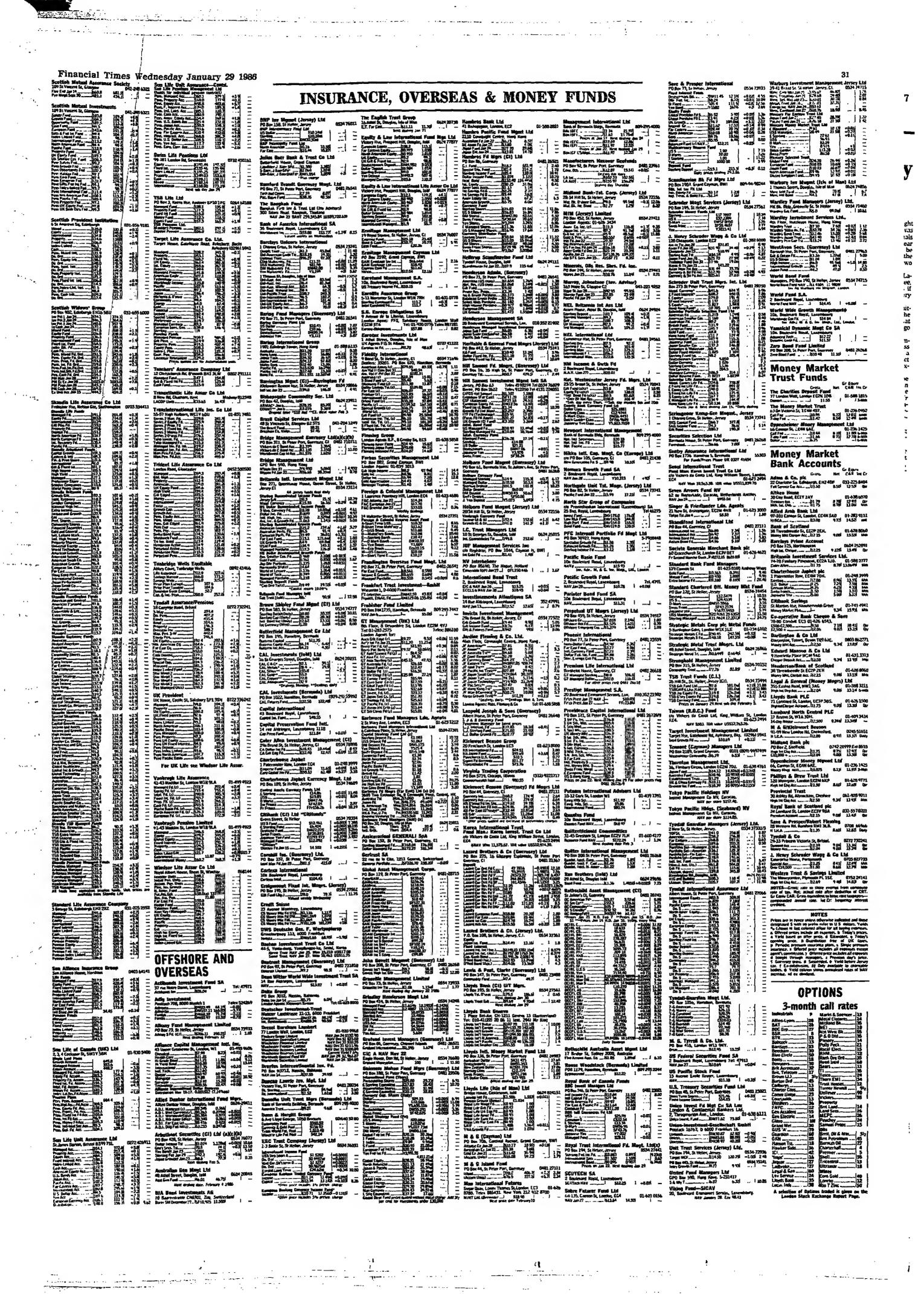
3 Underworld boss having lock trouble (8)

3 Published rates dived boss having lock [10]

finance director.

HILL SAMUEL SHIPPING HOLDINGS has appointed Mr John Spreyt to the board. He joined the company in 1982 and

30 Opposite interes Found Bloogt Ltd Ob Earmont St. London ECAN GAE Dip. 01-295 3885 45 Charlotto Sq. Eduburgh Optositional Connell	Financial Times Wednesday January 29 1986 Manufacturers Life Insurance Go (UK) St George's Way, Severage Manufacture Col. 1271 St George's Way, Severage 1983 1984 1985 1986 1986 1986 1988 1
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Malaysia

to reopen

tin market

THE Kuala Lumpur Tip Market

will resume trading from next Monday, ending o three-month suspension which began when

The KYTM board said yester-

day it believed that the industry,

long devoid of a free market, would welcome a commercially

meaningful reference price. The decision was approved by the

the market was closed in line with the suspension of tin trading on the London Metal Exchange.

Mr Michael Brown, LME chief executive, denied the KLTM

decision would put pressure on the LME to re-open trading. The LME view is that the future

of its tin market is tied to the deliberations of the tin council

which today resumes its latest round of emergency meetings to consider plans for refinacing the market. The LME anthorities next meet on the tin crisis on

LME traders pointed out thet

the KTLM is a physical market, where traders buy metal from

the producers, whereas the LME is primarily a forward market where deals are hedged to protect against future price

The KLTM decision will, how-

ever, make more public the extensive secondary market in tin which has developed since

October, increasing the visibility of prices around the world.

Mr John Mills, managing director of Capper Pass,

Europe's largest tin smelting company, said: "It'o going to be yet another yardstick in the

Tin, which was suspended at

a price of £8,140 a tonne on the LME for three-month metal

18 ringgit a kilo-about £5,500

a tonne, European prices reflect the shipping charges.

market."

the tin crisis erupted.

Malaysian Government.

The KLTM has

MMB attacked over Dairy Crest performance

Crest Foods, following criticism in a Government-commissioned report published yesterday.

The report, prepared for the Ministry of Agriculture by Touche Ross, management consultants, chastised Dairy Crest for what it described as a poor financial performance and the MMB, the statutory dairy co-operative, for giving undue weight in price negotiations to milk producer interests. Its conclusions will be the

Its conclusions will be the subject of intense negotiations over the next few weeks between the ministry, the board and the Dairy Trade Federation, which represents independent dairy companies. The Federation has been pressing for changes in the MMB's structure on the grounds that Dairy Crest is an unfair competitor.

They will also be closely MMB, examined by other critics of radical Britain's unique dairy market posed. ing arrangements, including the European Commission, which is prosecuting the UK

restructuring

plan backed

THE LONDON Commodity Exchange's three main markets,

those in sugar, coffee and cocoa futures, have agreed in prin-

ciple to restructuring proposals put forward earlier this month.

Mr Tate, who was appointed

last autumn, said he had received backing in principle

from all three Terminal Market

Associations - the bodies that

run the markets—by yesterday. It is understood that out of the

three markets, cocoa was the least enthusiastic, on the grounds that it remains the

leading international forum for

powered to work out detailed proposals with a view to imple-menting the plan with the start

of the new financial year in April It will also be discussed

at a full meeting of Exchange members on Friday.

Members of the International Petroleum Exchange, the LCE offshoot which runs markets in

gasoil and crude oil index futures, have also informally

IFAD is an unusual member of the UN family. It was founded in 1977 as o joint venture between the then cash-rich

Opec states and the OECD countries to put money into third world agriculture. The

effectiveness in particular.

won over yesterday. Mr Tate has now

THE Milk Marketing Board of for aspects of its milk pricing tisting position with independ-England and Wales may be system in the European court. ent dairies; that it has given forced to make important The report's central argu-changes in the way it runs its ment is that Dairy Crest — milk supplies or special prices; commercial subsidiary, Dairy which is by far Britain's or that it has failed adequately largest butter and cheese mannfacturer — has not behaved as a fully-independent dairy

as a runy-independent carry company would be obliged to, in spite of the MMB's obliga-tion under EEC law to put its commercial activities "so far as practicable . . . on an equal footing with the activities of independent commercial underident commercial under-"We do not believe that the

"We do not believe that the shareholders of a commercial company would have regarded Dairy Crest's performance over the last six yeas as acceptable," it says, "We think that an inde-pendent company would have found it difficult to raise the amount of external funding which Dairy Crest has received." The report stops short of calling for the hiving-off of Dairy Crest as a completely separate company from the MDB, as some of its more

And it clears the MMB of charges that it has used Dairy Crest directly to assist its nego-

radical critics have long pro-

to separate its own accounting systems from those of Dairy

But it does say that independent dairy companies have been weakened in their negotiations with the board over pricing by the fact that Dairy Crest has not been represented on their side. This it says, has allowed the MMB to put forward the in-terests of milk producers "even where this would have an adverse commercial impact ou Dairy Crest."

It also criticised the overlap in senior management between the MMB and its commercial operations, in spite of EEC regulations calling for management of Dairy Crest at arm's

chairman, yesterday expressed satisfaction that "by and large, the report confirms that the board is complying with the Milk Marketing Scheme in the way it separately administers and finances its commercial

London markets | Florida citrus frost not as severe as feared

BY MARY FRINGS IN DALLAS

raced to harvest as much as to be hurt, following the possible of the early to mid freezes in the last two ahead of a wind driven freeze forecast to hit most of the state by early Tuesday.

Fortunately temperatures stayed at the higher end of the The plan, which involves merging the individual markets forecast range, and intense cold barely persisted beyond the critical 5-6 hours. Early assessinto a new centralised company was proposed by Mr Saxon Tate the LCE's executive chairman ments were for some fruit damage, but no extended tree in a hid to improve the competitiveness of London as a soft commodity trading centre. loss. The danger is not over, however, Although the weather should warm up rapidly on Wednesday last night's forecast from a sharp decline in trading volume last year, although the (i.e. Tuesday to Wednesday) was for clear skies and 26 to coffee futures market has recently seen something of a resurgence as a result of the increased volatility in coffee

The Florida Department of

Polk County lying mainly south of inter state four at between Tampa and Florida was more seriously affected because although it now lies on the Northern edge of the citrus belt, it is still the state's hig-gest producer, Mr Alan Hart, manager of Lakeland Island Co-operative, says the trees should have come through safely, but their condition is bard to assess because "it is like catching pneumonia for the first

was for clear skies and 26 to
30 degrees farenheit in most of
the citrus belts with some cold
pockets.

On the New York market
yesterday orange inice future;
prices fell the 5 cents also
permissible daily limit in early Citrus, said yesterday that in limit rise. But losses were fewer the Northern part of the state, as traders were reminded that where temperatures dropped to the danger was not over.

WEEKLY METALS

Compromise saves farm aid fund

All prices as supplied by market, min 99.99 per cent, \$
Metal Bulletin. per flash, in arebouse, 235-245.

0.78, sticks, 0.78-0.82. COBALT: European free market, 99.5 per cent, \$ per lh, 2.30-2.35. in_arehouse, 10.20-10.55. UBAN

per flash, in arebouse, 235-245. MOLYBDENUM: European trading that commodity. But it, too, appears to have been won over yesterday.

MOLYBDENUM: European free market, drummed molybuson over yesterday.

MOLYBDENUM: European free market, drummed molybuson over yesterday.

MOLYBDENUM: European free market, drummed molybuson over yesterday.

2,780.

BISMUTH: European free market, min 99.5 per cent, \$ per lb, tonne lots in warehouse, 3.30-3.50.

CADMIUM: European free market, standard min 65 per cent \$ per tonne unit WO.

TUNGSTEN ORE: European free recent \$ per tonne unit WO. CADMIUM: European free per cent, \$ per tonne unit WO, market, min 99.95 per cent, \$ cif 54-63.

Per lb, in archouse, ingots, 0.74
VANADIUM: European Free VANADIUM: European Free VANADIUM: European Free VANADIUM: Description of the control of th

if 54-63.

VANADIUM: European Free council via KLTM before susparket, min 98 per cent V₂O₂, pension and not settled will not market, min 98 per cent V₂O₂, other sources, \$ per lb V₂O₃, cif, be permitted to be re-sold on the market for the time being URANIUM: Nuexco exchange in view of on-going ITC dis-alne. S per Ib U₂O₁₅ 17.00. cussions on these issues. MERCURY: European free value, \$ per Ib U.O., 17.00.

said.

LONDON **MARKETS**

COFFEE FUTURES prices opened lower, reflecting the overnight tone in New York, andi ost further ground under the influence of stronger sterling. The March position ended the day £133 down at £2,478.50 a tonne, more than wiping out Monday's £50.50 rise. Dealers said there was no fresh fundamental news to buyers remained on the sidelines. Meanwhile sellers were encouraged by technical con-siderations as operators tried to test chart support levels at around £2,450 a tonne. Despite rallying somewhat in the afternoon cocoa values ended down on hite day. Currencies were the main influence as the May position closed £12.50 lower at £1,737 a toune. Sugar

prices draited lower in quiet trading and on the London Metal Exchange most base metals were little changed— though aluminium fell £14 in the cash position to £796.50 a LME prices supplied by Amalgamated Metal Trading.

prices drifted lower in quiet

ALUMINIUM Official closing (em): Cash 782-J. (807.5-8), three months 821.5-2 (838-.5), settlement 793.5 (808), Final Kert

COPPER 1025-6 -3 1085:1024 1068-5-4-5-5 1068:1049 Official closing (nm); Cash 1024.5-5 (1027-5), three months 1052.5-3.5 (1057-5), settlement 1025 (1027.5). Final Kerb close: 1053-4. Cash 1003- 9 -10.5 1005/1005 5 months 1045-5 -6 Official closing (am): Cash 1003-4 (1009-11), three months 1043-6 (1045-8), settlement 1004 (1011). Turnover: 11.52 tonnes. US Pro-ducer prices 68.5-74 casts per pound.

is now trading in a 17/ge of £5,700 to £5,900 a tonne in Europe. In Malaysia the grey market heing operated by the two smelters at Penang have sold about 6,500 tonnes of tin. The metal now fetches about Official closing (am): Ceah 262.5-3 (267-8), three months 274-5 (270.5-1), settlement 263 (268), Final Kerb close; Malaysian mining officials say the decision to re-open the ver: 37.000 toppes. US Spot

NICKEL

say the decision to re-open the KLTM was prompted by the emergence of the grey market, Among other large producers, Indonesia has been pricing deals on a case by case basis without using a constant reference price, but Thailand has been posting an official daily price fc> several weeks. Initially, the KLTM will limit trading to only 150 tomes, which was the typical presuspension turnover, and confined to tin smelted by Malaysian smelters. unorricial + or close(p.m.) --E per tonne High/low Official_closing (am): Cash 2780-(2845-55), three months 2850-00 (281520), settlement 2785 (2855). Final Kerlsloss: 2855-60.

High grade	Unoffici close (p.n £ per	1.) -	High/ lo
Cash months	454-5 469-70	-2	480/450 472/462
(445-6), th	451 (456)	ha 466. Finai	Cash. 450- 5-7 (473-4) Kerb close

GOLD

market yesterday to finish at \$3513-\$522. The metal opened at \$3542-355 and briefly touched a high of \$3542-\$558 betons slipping away to finish at the day's low. Trading was rather quiet eithough gold retained a buffish

(£250-2501₂) (£2531₂-254) (£201.169) (£251,485) GOLD AND PLATINUM COINS that they will contribute. IFAD believes it should have little difficulty getting to \$200m in the near future. The beauty of

will not only be over and above the replenishment, but will be untrammelled by the Opec-OECD linkage which has caused so much difficulty.

That leads to the second reason for Mr Jazairy's contentment. The more IFAD becomes a self-sufficient organisation, able to draw on funds outside the Opec / ECD formula, the easier it should be to find a solution to its long-term funding problems. The Silver was fixed 17.5p an ounce lower for apot delivery in the London builton market yesterday at 434.6p. UR cent equivalents of the fixing levels were; npot 514c, down 11.5c; three-month 625.8c, down 11.8c; aix-month 637.65c, down 12.35c; and 12-month 632c, down 13.6c. The metal opened at 441-445p (617-619c) and closed at 435-437p (613-618c) and closed at 435-437p (613-618c). + or LM.E. p.m. unoffici per

Spot 434.60p -17.5 435.9p -11 0 months 447.60p -18.5 446.5p -12 2 months 460.80p -18.8 2 months 486.80p -21.9 LME-Turnovar: 24 (38) lots of 10,000 Three months high 451p, law 447.5p, Snal kerb 449.5-51.5p,

D. per kilo (deadweight)

Feb. 102.00 101.30 102.80-101.58
April 108.30 101.50 -1una 99.50 99.30 99.59
Aug. 98.50 88.00 98.50
Oct. 105.00 105.20 184.50
Mov. 106.20 105.90 --Sales: 11 (0) lots of 50 carcases, 3,250 kg.

opened unchanged, attracted very little interest and closed featureless, reports Lowis and Pear. Closing prices (buyers): Spot 59.00p (80.00p), March 59.25p (59.25p), April 58.75p (59.75p), The Kuzle Lumpur tob prices (Melaysia/Singapore cents) per kg RS9 No 1 was 183.5 (same) and for SMR 20 180.5 (175.0).

RUBBER

US MARKETS INDICES PRECIOUS METALS attracted

FINANCIAL TIMES scattered trade interest on ien. 25 len. 27Mith ago Yearago the firm tone to financials __ __ 299.50 and currencies, reports Heinold Commodities. Copper (Sees: July 1 1952-100) and aluminium registered modest losses on light profit-taking. Sugar was under REUTERS Jan. 27 Jan. 24 Mith ago Year ago scattered pressure from light producer selling which en-couraged profit-taking. Cocoa 1857.0 1855.5 1788.4 : 1996.2 (Base: September 18 1931 = 100) was firm as producer selling remained light. Good nearby supply availability led to DOW JONES

limit-down losses in coffee. Cotton remained under pres-sure on selling linked to Spot | 138,23 151,75 - | 121,48 Fut. | 132,49 183,64 - | 125,99 edvanced deficiency paymentsin-kind. The energy complex reversed early gains and closed lower in anticipation that the weekly trado stocks report would show a build-up. **MAIN PRICE CHANGES**

In tonnes Unless otherwise stated.

METALS

Harley Fut, May, E118.80, O.R.E116.80 Maize £141.00, E142.50 Wheat Fut, May, E120.80, 0.06 £115.70 No. 2 Hard Wint, 3 1

COCOA

Ouring an active day futures eased o close £10 lower. Second accond-and cocoe beens and butter trade ras seen and limited producer interest

Sales: 3,206 (1,915) lots of 10 tonnes, ICCO indicator prices (US cents per Bound). Daily price for Jenuary 28: 104.55 (103.98): five-day average for January 29: 104.12 (103.88).

Values continued to decline on tack of fresh fundamentals and very little industry officks. A steady stream of treds and commission house selling kept the market under pressure with very little buying evident, reports

Sales: 6.468 (6.071) lots of 5 tonnes. ICO indicator prices (US cents por pound) for January 27: Comp deily 1379 198.05 (188.02); 15-day average 206.05 (206.21).

FREIGHT FUTURES

The market opened sharply lower and adding pressure become trade aciling pressure became prominent. This was against a beckground of a greatly weakened physical market prompted by low grein mute tennage being offered, reports Clerkson Wolff. The Beltic Freight Index was 569, down 14. The Beltic Tenker Index was 565,5, up 4-5.

Close High/Low

GRAINS

Old crop wheat saw a mixed day with good country merchant buying interast at opening levels quickly pushing values higher in thin trading. After reaching 35p up prices drifted back, Barley was generally steady on a lack, of sallers but trade wan quiet. Now crops came under the wan quiet of the country of

May... 120.80 July... 193.80 Sept... 100.25 Nov.... 103.30

Bonineas done—Wheat: Mnr 117.20-7.00, Mny 121.10-20.70, July 123.70-3.30, Sept 100.60-938, Nov 103.85-3.30. Salea: 246 lots of 100 tonnes. Barley: Mar 115.00-5.35, May 118.90-8.55, Sept 98.76-8.55, Nov 102.05-1.30. Salea: 109 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Oark Northum Bpring No. 1, 15 per cent: Feb 135.00, March 136.25, April/May 128.00 sellars. transhipment Eent Coest. US No. 2 Soft Rad Winter: Feb 121.75, March 120.25 sellers. EEC French: Jan 138 sellar. English leed, feb: Jan 118 customs cleared, 122.00 value, Feb 119 saller. March 120 buyer, April/Juna 124.50 seller. Sept 103.104 buyer/seller. Match: 120 buyer/seller, Oct/Dec 108.50 sellar. Jan 113/114 buyer/seller. Match: US No. 3 Yallow/French transhipment East Coest Jan 141. Barley: English feed, feb: Feb 110.60. March 119.50, April 121.50, April/Juna 123. sellam. Rest unquoted. HGCA—Locational ex-ferm apot orleca. Feed barley: 8 feet 112.40, B West 110.60. W Mids 111.10, N West 108.30. The UK monetary coefficient for the week beginning Monday February 3 (based on HGCA calculation naing five dnys' exchange rates) is expected to remain unchanged,

NEW YORK CHICAGO 59.28 60.76 59.76 60.97 58.40 58.32 50.20 51.00 48.50 49.45 CRUDE OIL (LIGHT) 42,000 US

The soyabean complex was mixed with scattered support on dry conditions in Brazil

and weak product demand restraining values on the upside. The grains were mixed as uncertainty over the Farm Programme limited interest.

SPOT PRICES—Chicago loose lard 16.00 (come) conts per pound. Handy and Harmen aliver builloo 918.5 (619.5) cents per truy ounce.

POTATOES The market was quist, moving higher n early trade and staying reasonably tasdy throughout the dey to close near he bigbs, reports Coley and Harper.

Bales: 215 (503) lots

SOYABEAN MEAL

Sales: 127 (308) lots of 20 to:

1.0NDON DAILY PRICE Raw augar \$137.50 (897.50), op \$3.50 (up 50p) a tonne for January-Fabruary dailvery.

Sales: 2,530 (3,553) loss of 50 Tate & Lyle delivery price for grant-ted basis sugar was £200.50 (some) tones for export. International Sugar Agreement—(US cents per pound lob and stowed Caribbean ports). Prices for January27: 0aily price 5.22 (5.30): 15-day average 4.72 (4.70).

Prev April 51.07 53.45 62.25 58.2 7.2151 June 62.37 52.27 62.27 22183 August 56.97 50.20 50.7 2224 Det 60.25 60.50 60.0 2222 LIVE HOGS 30,000, cents/iba

SHLVER 5,000 tray oz, cents/tray

Clone .High Loss 63.55 63.86 53.05 64.25 64.60 53.05 65.50 68.60 65.06 65.47 85.78 65.00 62.12 63.25 82.90

Close High March 19,70 19,77 1 High 19,70 20,18 20,50 20,50 20,70 20,71 21,15 21,15

OIL

All products opened firm, following a late relly on lutures on Monday, atronger crude and prompt short covering demand. Brent firmed overlight, weakened alightly lare moming, firmed egain early afternoon than weakened gndually to close 50.070 down on the day's tindlog. Nymex WTI opened Zic up for March but traded 38c down at 1.30 pm EST—Petroleum Argus. London.

Latest CRUDE OIL-FOB (\$ per barrel)-Feb.

as Oil..... GAS OIL FUTURES

Turnever: 4,775 (3,553) lots of 100

EEC grant for Bath University project

The grant—one of the largest single grants awarded to a British University—will be used to monitor and snaiyse 61 projects throughout Europe.

THE MEN who run IFAD, the UN's International Fund for Agricultural Development, are suddenly looking cheerful. After more than two years dur-ing which the future of the Rome-based organisation looked black, IFAD has finally secured pledges of funds. Even more gratifyingly, it has discovered that its reputation as a lean and relatively efficient aid organisation is a bankable asset when it comes to raising

Mr Idriss Jazairy, JFAD's president

idea was that Opec would hand over some of its surplus revenues if OECD countries were prepared to match them. The Fund began life with capital of \$1.06bn, of which some 43 per cent was contri-

buted by the Opec states. Almost from the start bickering broke out between the two categories of donor members categories of donor members council in Rome. Finds would with Opec states being accused be replenished by \$500m for of not pulling their weight. The first replenishment of funds—actually began in January 1985.

ever. First, the Opec countries pledges of the remaining \$16m were, by the mid-1980s, running by February 19, and the OECD out of money. And second, the countries have promised to US had doubts not only about match this on a three-for-two international aid organisations basis. If the Opec pledges are in general but about IFAD's not forthcoming IFAD will fectiveness in particular. have to settle for the \$460m to The US gradually overcame which invidiual countries have its reservations about IFAD, so far committed themselves.

after US aid produced a IFAD therefore will survive,
favourable report on it, and but will have much less money

BY JAMES BUXTON IN ROME to lend than it had in the past, only formally approved last especially allowing for inflation. wek many OECD countries and So why is Mr Idriss Jazairy, the even multilateral organisations. sophisticated Algerian who is IPAD's president, looking so

The first reason is that IRAD has established a role and o the near future. The beauty of reputation that make it this programme, from IFAD's unlikely that it will ever be point of view, is that these funds allowed to disappear.

It is a financing agency, the replenishment, but will be

rather than a fully-fledged aid organisation. It finances projects which are being implemented either by national governments or other aid agencies. Its role is to study possible projects to co-finance. possible projects, to co-finance those it approves and to monitor their execution.

Its loans are primarily aimed at helping the rural areas of developing countries by assist-Congress voted to contribute up to \$150m. But the US still insisted that the original 40/60 partnership between Opec and the OECD be adhered to.

A compromise was finally reached at last week's meeting of IFAD's 141-nation governing council in Rome. Funds would be replenished by \$500m for the streamar period which threamar period which the streamar period which the stream to the stream the stream the stream to the stream the stream that the stream the stream that the stream the stream the stream that the stream that the stream the stream that the s

markets.
As a financing institution are injection of \$1.1bn agreed in 1982—was contributed 41 per cent by Opec members, 56 per cent by OECD countries and 3 per cent by developing countries. But with IFAD's commitments racing ahead—it has now lent \$1.8bn, of which some \$715m has actually been disbursed—the organisation almost immediately required a further replenishment.

There were two snags, however, actually began in January 1985.

Of this soms \$300m would if the committee open and some \$200m from the Open countries, and some \$200m from the Open countries.

There is one hitch, however. The Open countries individual with \$72.6m) are actually \$16m of the most productive development agencies in the 1971 of the most productive development agenci

Although the programme was

year presented a plan for the rachabilitation of food-growing in the sub-Saharan countries affected by the recent drought.

The aim is to help the region?

The aim is to help the region? farming to recover by providing

IFAD in the future without abandoning "its special abandoning "Its special character" and its governing structure. The options the committee will consider in-· Broadening the category of contributors which at present consists only of Opec states to include other developing coun tries with financial resources Increasing the "reflow" of interest and early repayments

term funding problems. The absurdity of Nigeria having to

contribute only \$3m less than the UK's \$13.2m is widely

appreciated among most IFAD contributors, not just on the

Opec side.
Mr Jazairy now plans to set

up a committee of experts who will study ways of financing

such as the EEC, have indicate

organisation lean, even though basic inputs—ranging from its workload is rising as its hand tools to fertiliser—and make a start on controlling erosion and descrification. IFAD proposed a programme for nine countries, from the Ethiopia to Zambia, which would cost up to \$300m.

Although the programme was explained. to deal with poverty," explained.

ALTOE ALLO NEY MAI

onfide

tones; 4,775 (3,553) lots of 100 tones; CRUDE ON. FUTURES—Brent Blend Index. \$ a berrel. (Close, change, buttiness done); Inden 18,72, —0.05. Mar 19,60-19,70, +0.63, 20,20-18,80; Apr 19,60-20,40; Jun 19,40-20,40; May Turnover: 10 (35) lots of 1,000 barrels.

THE EEC Commission has awarded a fim grant to Bath University's social policy group to evaluate the commission's film programme of pilot social welfare prolects aimed at tackling poverty in Europe.

The grant—one of the largest

CURRENCIES, MONEY and CAPITAL MARKETS

floor level against the D-mark.

CURRENCY MOVEMENTS

Morgan Gueranty, changes: average 1980-1982=100, Benk of England Indes (base average 1975=100).

OTHER CURRENCIES

CURRENCY RATES

Hank Special Europes rate Drawing Current % Rights Unit

FOREIGN EXCHANGES

Sterling confidence boosted

The pound rose sharply in currency markets yesterday following Monday's emergency debate on the Westland affair and a majority feeling that Mrs Margaret Thatcher had survived reasonably unscathed. A dissipation of market tension and recovery in oil prices helped sterling to reach a high of \$1.4155 against the dollar and 75.2 on its exchange rate index. The pound did not end at the

75.2 on its exchange rate index.

The pound did not end at the day's highs but was still well up from Monday's close to finish at 74.7 compared with an opening of 74.2 and 73.7 on Monday night. Against the dollar it finished at \$1.4095.1.4105, a rise of 1.85 cents and DM 3.3830 against the D-mark, up from DM 3.3875. Elsewhere it rose to Y275.75 from Y272.25. SFr 2.8650 from SFr 2.8305 and FFr 10.28 from FFr 10.2475.

The dollar finished towards the day's highs, having spent o rather quiet and uneventful morning confined to fairly narrow range. It was pushed a little higher in the afternoon but feiled to attract much support with most people waiting for a cut in the Isonorae discount rate and the people waiting for a cut in the Japanese discount rate and the implications of a possible reduction in the US discount rate. Despite finishing just over

ARD MEET

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1 pfennig up from the day's low, the dollar was still slightly down from Monday's close at DM 2.8970 compared with DM 2.3980. Against the yen it fell to Y195.80 from Y195.70 and SFr 2.0320 from SFr 2.0325. It closed at FFr 7.3625 from FFr 7.3620 against the French franc. On Bank of England figures, the dollar's exchange rate index fell to 123.9 from 124.1. £ IN NEW YORK

Jan. 68 Prev. close £ Spot | 01,4038-1,4948-1,5965-1,3475 | Transh | 0,63-0,50pm | 0,54-0,02pm | 1,58-1,56pm | 1,58-1,56pm | 1,58-1,56pm | 1,58-5,45pm | 1,58-5,45 D-MARK — Trading trange against the dollar in 1985-86 is 2.4510 to 2.3979. December average 2.5120. Exchange rate index 1328 against 1244 six

menths ago.

The D-mark was underpinned by record West German trade figures in Frankfurt yesterday and improved slightly against the dollar. Speculation of a reduc-tion in the West German dis-count rate failed to have any

POUND SPOT-FORWARD AGAINST POUND

9.3. morrine 4.25 1.57-1.82pm 1.50 0.38-0.33pm 6.27 67-64pm 1.73 34-20pm 3.48 111-163-pm -1.48 111-163-pm -1.54 87-64-pm -15-03 295-1105-68 -5.73 285-36-fig -0.38 80pm-85-fig -0.38 80pm-85-fig -0.38 80pm-85-fig 0.51-0.48c pm 0.28-0.21c pm 2½-1½c pm 14-6c pm 4-23-pm 0.08-0.28p dia 2½-2pt pm 1.25-425c dia 30c pm-18 dia 2142-2202 2142-2202 211.30-212.90 22742-22033

DOLLAR SPOT-FORWARD AGAINST DOLLAR

p.a. months,
4.26 1.57-1.57pm
6.20 2.40-1.90pm
--2.74 0.90-0.95cha -2.13 1.48-1.45pm
--2.44 33-71cha
--2.03-1.36pm
--2.3.65 490-650d/s
--3.57 146-1890d/s
--3.57 146-1890d/s
--4.52 87-67-d/s
--4.52 87-67-d/s
--3.59 77-67-d/s
1.51 7-67-pm
1.51 7-67-pm
1.51 7-67-pm
Forward premiums an Arg'tina. 1,1256-1,1279-0,8000-0,8011 Aus'alia. 1,9330-1,9040-1,3996-1,4014 Brazil.....18,516-18,710-11,210-11,674 Finland...7,5306-7,54655-3566-5,3578 Greece.....2024-sp. 257

EXCHANGE CROSS RATES

8 | OM | YEN | FFr. | 8 Fr. | HFL | Lina | GS | B. Fr. 1, 1,410 5,380 278,8 10,38 2,866 3,828 2,303 1,998 89,50 0,709 1, 2,397 196,6, 7,363 2,038 2,711 1634, 1,417 49,15 0.296 0.417 1 81.58 3.071 0.648 1.152 681.4 0.691 20.50 3.826 8.115 12.25 1000, 37.64 16.59 13.88 6358, 7.248 801.8 1,366 5,266 265,7 10, 2,760 3,687 221e, 1,880 55,76 0,492 1,180 96,25 3,623 1, 1,856 803.9 0,698 24.19 H FL 0.261 0.588 0.883 72.04 2.712 0.749 1 601.8 0.528 18.11 0.434 0.213 1.467 118.7 4.507 1.244 1.668 1000 0.868 30.09 C 8 0.500 0.708 1.821 138.0 5.184 1.434 1.615 1152 1 34.68 8 Fr. 1.443 8.055 4.877 597.9 14.98 4.184 0.523 3834 2.884 100. You per 1,000; French Fr per 10: 11rs pm 1,000; Beig Fr per 100.

EURO-CURRENCY INTEREST RATES

Jan. 28	Short	7 Days notice	Month	Three Months	Six Months	Year
Sterling	714-714 10-104 03, 554 75-118 414-454 91, 95, 22-27	1014-121g 748-54 1054-1054 854-514 11-114 414-455 1113-12 123-204	126q-125q 718-8-fc 104q-104q 55q-55q 44c-43q 41g-46q 123q-13 164q-104g	1244-1244 748-8-4 104-104 847-544 4-7-4-4 154-14 184-184	10 14 12 12 10 10 10 10 10 10 10 10 10 10 10 10 10	181g-18 81g-81 1014-10 834-57 4-5-43 454-43 18-1634 16-1656
B.Fr.(Fin) Br.Fr (Gon) Yen D. Krone Asign 5 (Sne)	814-6 212-014 7-716 854-916 714-8	812 844 10-1012 612-745 834-678 8-812	054-274 1114-1134 534 538 859-919 8-819	95q-97q 1114-1114 614-68q 834-914 8-81g	954-958 1019-11 219-514 554-914 5-818	914-91 914-10 814-61 834-91 874-87

Long-term furndollers: two years $8^{n} \times 8^{n}$, her cent; three years $8^{n} \times 9^{n}$ per cent; four years $9^{n} \times 9^{n}$, per cent; four years $9^{n} \times 9^{n}$, per cent; five years $9^{n} \times 9^{n}$, per cent sominal. Short-term rates are held for US Dollars and Japanese Yan; others, two days' notice.

MONEY MARKETS

Confidence partly restored

Interest rates continued to fall on the London money market presentary, as confidence was at least partially restored, after the old atthictly folls in band 1 at 124 per cent; 27m bank bills in outcome of Monday's emergency debate on the Westland leak in the Commons. Dealers pointed out, however, that there was not provided.

Late assistance of around 270m bank bills in band 2 at 124 per cent; 210m and the Level of UK bank leading and money supply growth, and the effect on sterling of lower world oil prices. The price of North Sea crude rose to around 290 across the provided.

The main factore draining in official hands around 270m to make the maturing of lower world oil prices. The price of North Sea crude rose to around 290 across the price of the

MONEY RATES

Ovr-nig't Month Month Month Month Month Ite's Ite Frankfurt

Control of the contro

Treasury Bills (sell): one-month 12 per cent; three months 12½ per cent. Sank Bills [sell]: one-month 12½-12½ per cent; three months 12½ per cent. Treasury Bills: Average tender rate at discount — per cent. ECGD Fract. Finance Scheme IV reference date December 4 to January 7 (inclusive): 11.355 per cent. Local surbority and Finance Houses seven days' octice, others seven days' fieed Finance Houses seven days' notice 62-63, per cent. Conflictore of Tax Deposits (Series 6). Deposits 2500,000 and over held under one months 12 per cent; one-three months 12½ per cent; three-six months 12½ per cent; one-three months 12½ per cent; three-six months 12½ per cent; one-three months 12½ per cent. Deposits withdrawn for cash 7½ per cent.

FINANCIAL **FUTURES**

LONDON

March 108-18 109-08 109-17 108-04 Juna 108-06 109-17 108-08 5ept 108-07 108-08 5ept 108-08 108-0

64ths of Yurk
Close High Low Prev
March 95-12 95-20 96-68 94-43
June 95-42 95-30 95-50 95-06
Est, Volume 506 (358)
Provious day's open int. 1,324 (1,360)

March 142.90 High Low Prev March 142.90 142.20 142.20 143.90 July 144.40 — 143.40 Est. Volume 543 [416] Previous Gay'n open int. 2,132 (2,164) THREE-MONTH EURODOLLAR Ster points of 100%

LIFFE EURODOLLAR OFTIONS \$1m points at 100%

Too much good news

s effect since there was simiy lar speculation surrounding
y lapanese and US discount rales.
The dollar closed at DM 23985
t down from DM 24012. Earlier
in this day it had been fixed
at DM 24026 compared with
DM 23985 and there was oo
intervention by the Bundesbank.
Sterling improved as political
tension eased after last night's
debate on Westland while oil
prices were a little firmer. Elsewhere the Belgian franc remained weak, trading closs to its
floor level against the D-mark. Sterling denominated interest rate contracts suffered from a surfeit of good news at the opening of trading on the London International Pinancial Futures Exchange yesterday. After a sharp unward movement at the start, prices drifted down, partly on profit taking, and the long gift contract for March delivery closed only slightly above the day's low, Prices were still above day's low, Prices were still above day's low. Prices were still above the previous settlement bowever in both gilt futures, and three-month sterling. Dealers commented that as

floor level against the D-mark.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 283.15 to 195.60. December average 282.747. Exchange rate index 189.5 against 157.4 six months ago.

The yen was a little firmer against the dollar in Tokyo. The US unit closed at Y195.40 compared with an opening level of Y195.35 and Monday's close of Y195.35. It touched a best level of Y196.05 on an announcement that the Bank of Japan would make a decision today on the timing of a possible discount rate cut. However, the dollar's failure to improve and hold on to its gains highlighted the market's underlying bearish mood over the dollar. month sterling.

Dealers commented that as well as the restoration of some confidence, following the result of Monday's emergency debate on the Westland affair in the Commons, the market was also boosted by expectations that the Japanese discount rate will be cut by a per cent to 4a per cent today; an overlight rally in the US bond market; a rise in the value of sterling; a fall in London money market rates; and a recovery in North Sea oil prices to around \$20 a barrel.

This news produced an over-reaction however, and although March long gilts touched a peak of 109-06, compared with Monday's close of 106-01, the final price of 108-18 was only alightly above the low of 108-17.

Dollar contracts also rose, but trading was a little nervous ahead of last night's State of the Union message by President Reagan; today's announcement of the next Treasury suctions package, scheduled for oext week; and figures on US leading indicators and merchandise trade due for publication tomorrow. The expected cut in the Japanese discount rate helped sentiment, although the relatively high level of Federal funds in New York was a

Strike price March J
20.00 2.11
80.50 1.51
91.00 1.11
81.56 0.83
92.00 0.34
92.50 0.04
92.50 0.04
92.50 0.04
Fravious day's open int relatively high level of Federal funds in New York was a restraint on the market, with Eurodeliar futures finishing around the middle of a narrow range, and bond futures closing fairly new the day's low. But both contracts were above the

Spot 1-mth, 3-mth, 6-mth, 12-mth, 1,4100 1,4050 1,3946 1,3798 1,3575 HAMA-STERLING Se per E Latest High Low 1,3930 1,4040 1,3540 1,3850 1,3930 1,3070 — 1,3700 — 1,3625 1,3740 1,3550 PHILADELPHIA SE E/S OPTIONS E12,500 (cents per E1) 702.1870-2.1890 05/2.2805-2.3040 LIFFE - STERLING E25,000 \$ per & Sailing Rate. † Corerction (Jae 27): NZ-C fiste was 2.5910-2.6010.

LIFFE-DEUTSCHE MARKS DM 125,000 5 par DM *** Closes High Low Prev
Murch 0.4188 0.4200 0.4184 0.4186
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Est. Volume 21 (132)
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EMS EUROPEAN CURRENCY UNIT RATES

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Beiglen Franc ...
Denish Krone ...
Germae O-merk
Franch Franc ...
Dutch Golider... Changes are for Eds, therefore positive change denotes a weak currency. Adjustment calculated by Finnnoisi Times.

At the scheme meetings of Brand, Steyn and West Hold held on

- (jii) West Hold shareholders will become shareholders in Ofsil and where so elected in Freegold;

At the Stevn meeting and at separate meetings of Brand and West Hold held on the same day, the respective shareholders of these companies also approved, without modification, the other

US TREASURY BONDS 8% S100.000 32nds of 100%

US TREASURY BILLS (IMM)

THREE MONTH EURODOLLAR (IMM) 51m points of 100%

Puts—Last
Feb Mar April June Sept
— 0.00 — 0.32 —
— 0.04 — 0.85 1.88
0.01 0.22 0.87 1.86 3.32
0.10 1.13 1.86 3.93 8.38
1.84 3.09 4.03 8.07 8.05
8.23 8.26 7.27 6.30 11.32
0.72 10.50 11.34 13.15 15.00

Puts-Last Feb Mer April June Sept - 0.15 - 1.80 -- 1.10 - 3.30 -1.70 2.80 - 5.20 -- 5.96 - 1.80

CHICAGO

High Low Prev \$5-07 \$4-24 84-03 \$3-23 \$3-21 83-00

\$20.00, \$18,00, \$15.00??

STERLING \$1.4000, \$1.3950, \$1.3850??

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Legal Notices NOTICE IS MEREBY GIVEN that n Petition has on the 17th December 1885 presente. for her Malesty's Man Court of Justice for the confirmation of the Reduction of the confirmation Account of the above-temed Company from \$4,484,839,19 to The property of the control of the c

Company Notices

PURSUANT TO NOTE CONDITIONS, NOTICE IS HERESY GIVEN that for the laterest period from 29th January 1986 to 29th July 1986 in Interest rate of Ele per Cent per ennoun will apply. Amount per Coupen > USA39.93 Cent Ber Benbulu
Der Coupon W 1000
On 29th July 1086.
Reference Agent
THE LONG-TERM CREDIT BANK
OF JAPAN, LTD
London Branc

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Financial Times 10. Cannon St. EC4P 4BY

JOINT COMPANY ANNOUNCEMENT

Cars - Last
Fab Mar April June Sept
- 20.80 - 20.80 - - 15.80 15.80
- 10.80 - 10.90 17.00
5.30 0.50 5.80 7.20 7.40
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FREE STATE GEDULD MINES LIMITED (FSG) (Registration No. 05/26324/06)

PRESIDENT BRAND GOLD MINING COMPANY LIMITED (BRAND) (Registration No. 05/32680/06) PRESIDENT STEYN GOLD MINING COMPANY LIMITED (STEYN) (Registration No. 05/28210/06)

WESTERN HOLDINGS LIMITED (WEST HOLD) (Registration No. 05/09266/06) WELKOM GOLD MINING COMPANY LIMITED (WELKOM) (Registration No. 05/24464/06)

(All of which are incorporated in the Republic of South Africa)

(the first four companies being referred to as "the Scheme Companies") SCHEMES OF ARRANGEMENT AND CHANGES OF NAMES OF STEYN AND WELKOM, ALTERATIONS TO CAPITALS

Members of the companies will recall that scheme meetings were convened at hourly intervals commencing at 08h30 on January 28 1986. The first scheme meeting was that to consider the Scheme of Arrangement between FSG and its members. As

the scheme of Arrangement between F3G and its memory. As there was insufficient time available before the appointed hour for the immediately following scheme meeting, and to afford a number of persons present who wished to ask questions a reasonable opportunity to do so, the scheme meeting of FSG was, on the motion of a member, supported by a large majority of members present, adjourned until 09h00 on February 11, 1986 at the same venue, namely 44 Moin Street, Johannesburg.

The general meeting of FSG to consider resolutions to give effect to the FSG Schemes meeting was not beld because it was convened to be held immediately after the conclusion of the FSG Scheme meeting which was adjourned. Accordingly, that general meeting will be held immediately following the conclusion of the adjourned FSG Scheme meeting.

the same day in terms of Orders of the Supreme Court of South Africa (Witevatersrand Local Division) (the Court) shareholders approved the Schemes of Arrangement (the Schemes) in terms whereof it is proposed that:

- (I) FSG, Brand and West Hold will become wholly-owned, directly or indirectly, by Freegold, which in turn will become held as to not less than 50 per cent by Orange Free State Investments Limited;
- (II) FSG and Brand shareholders will become share-holders in Freegold and Ofsil and where so elected in Welkom;
- (iv) Freegold (Steyn) shareholders will also become share-holders in Ofsii and where so elected in Welkom.

At the general meeting of Steyn held on January 28 1986, shareholders approved the change of the company's name to Free State Consolidated Gold Mines Limited (Freegold), subject to all of the Schemes of Arrangement becoming operative.

special and ordinary resolutions proposed at those meetings. These resolutions related, inter alla, to the increase of the companies' share capitals and the capitalisation of their share premium accounts and/or portions of their distributive reserves.

The shareholders of Welkom at a general meeting also held on January 28 1986 approved, inter alia, the change of its name to Welkom Gold Holdings Limited, the increase of its share capital, the disposal by Welkom of its existing holding of 6 838 000 West Hold ordinary shares and the reminiciation by Welkom of its right to 663 800 000 West Hold A ordinary shares in exchange for the issue to Welkom of 6 838 000 Offsi shares. It is expected that the resolutions relating to all the companies will become operative on Febraury 24 1986.

In consequence of the adjournment of the FSG Scheme meeting it is proposed to request the Court on February 4 1986 to fix It is proposed to request the Court on Petruary 4 1900 to he February 18 1986 for the purpose of receiving reports on the results of the Scheme meetings at which time the Court will be moved to sanction the Schemes of Arrangement II the FSG Scheme is approved by the regulate majority of its members. The election and surrender forms sent to shareholders provide that any election is 'rrevocable. In view of the extension of the expected operative date referred to in the Scheme documents it has been decided to allow members who have made an election the right to withdraw their elections should they so desire. Any member wishing to withdraw his election should do so in writing (for which purpose a certified telex will be acceptable) addressed to Consolidated Share Registrars in Johannesburg or Hill Sanguel Registrars in London to be received by not later. Hill Sanuel Registrars in London to be received by not later than 16h00 on January 31 1986.

if the Court sanctions the Schemes then the salient dates relative to the Schemes will be as follows:

- For shareholders wishing to exercise their rights of election, the last day for the return of election/surrender forms will be January 31 1986.
- THE RECORD DATE in respect of each scheme, i.e. the
 - (i) dealings in and the fistings of the shares of FSG, Brand and West Hold on The Johannesburg Stock Exchange and The Stock Exchange in London will cease; and
 - (ii) the registers of the Scheme Companies will close to determine to whom Freegold and Ofsii shares and/or Welkom shares will be allotted and who will be entitled to cash payments arising on the sale of fractional entitlements;
- (iii) the register of Steyn will close in order to determine the persons in whose names the Freegold shares will be issued in substitution for their Steyn shares;
- will be the close of business on February 21 1986. THE OPERATIVE DATE in respect of each scheme, i.e.
- (I) the Schemes will become operative, and
- (ii) the listings on The Johannesburg Stock Exchange and the Stock Exchange in London for the Freegold and Ofsil shares allotted to give affect to the Schemes are expected to commence; (III) the change of name of Steyn to Freegold will become

will be February 24 1986. Shareholders of the Scheme Companies will be informed of any change in any of the above dates.

Cheques in respect of fractional entitlements will be posted to shareholders entitled thereto on March 7 1986 and Freegold, Ofsil and/or Welkom share certificates, where the Scheme Companies' share certificates or other documents of title are surrendered before the operative date, will be posted on March 7 1986, as within 7 there of march the posted on March 1 1986, as within 7 the posted of March 1 1986, as within 7 there of march 1 1986. 7 1986 or within 7 days of receipt thereof in respect of surrenders after the operative date except that no documents shall be posted before March 7 1986.

In view of the FSG scheme meeting adjournment, the reports of the individual Scheme Companies for the quarter ended December 31 1985 will be published within the next few days.

January 29 1986

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Account Dealing Dates Dealings Clons Dealings Day
Jan 13 Jan 23 Jan 24 Feb 3
Jan 27 Feb 6 Feb 7 Feb 17
Feb 10 Feb 20 Feb 21 Feb 17
* New-time " danlings may take
place from 2.30 am two business days

*First Declara Last Account Dealing Dates *First Declara Last Account Dealings Day Late burst of optimism sweeps equity index to record high

A burst of aptimism late in 240p. Minet put so 7 at 268p s session yesterday swept did Sedgwick, at 377p. Londou equities to record levels. Investment confidence was strong throughout but the FT Ordinary Share Index had baulked at the previous high of 1149.6 before resuming its advance. News of a good early trend so wall Street encouraged the late support and during the after-hours trading news from its Up at a best-ever 1155.4. The FT-SE 100 Share Index also rose sharply to end 21.3 higher at 1426.3.

The factors are strong to did Sedgwick, at 377p. Static throughout the "house" session, Midland edged forward a few pence to 436p awaiting after-hours trading news from its Up subsidiary, Crocker National. Barclays rose 6 to 458p and Nafwest hardened a couple of pence to 698p.

Breweries highlighted Greenall Whitey which savanced 8 to 185p, after 191p following a 1426.3. ths session yesterday swept London equities to record levels.

The factors responsible for the show of strength were again improving oil prices and a further easing in commercial rates for credit. Three-months interbank dropped back to 12; per cent which is consistent with the current 12; per cent level of bank base rates. Another halpful influence was the removal of political uncertainties following the strong support for the Prime Minister at the end of Manday's House of Commons dabate on

US buying of selected blue chip issues was again evident and, despite a firmer pound, domestic institutional inquiries continued for certain international stocks. Over the broader market scene, the chief festure was o revived and widespread for consider industries. was o revived and wicespread demand for secondary indus-trials. Takeover speculation showed little sign of slowing and several new names were added to the list of market favourities.

Sterling's better performance against both the dollar and the against both the dollar and the Deutsche Mark diverted attention to Giltedged securities. Demand built up from the outset and following news of last month's good balance of payments surplus the authorities were tested for stock. The Government broker had, after soms delay, supplied the long tap stock, Treasury 10 per cent 2002, at 35; late the previous evening. Yesterday he rejected o bid of 35; and later announced the exhaustion of official supplies at 35;.

Longer-dated Gilts then began to drift away from the highest levels and gains of 14 points were finally pared to e point, Diminishing interest rate pressures boosted the shorts, which rose 13 in places, but indexibiled stocks were less favoured than recently. Small losses how.

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL GOODS (213) ... Building Materials (24) ...

Other (adustrial Materials (22) CONSUMER GROUP (183) ... Brewers and Distillers (23)

Food Manufacturing (22) Food Retailing (14) Health and Household Proc Leisure (25)

Publishing & Printing (13).
Packaging and Paper (15).
Stores (43)
Teatles (16).
Teatles (16).
Tobacons (3).
Gratica Sixtups (85).
Chemicals (19).

Office Equipment (4)
Shipping and Transport (12)
Telephone Networks (2)
Miscellaneous (48)
UNDUSTRIAL SROUP (481)

Insurance (Corposite) (7)
Insurance (Corposite) (7)
Insurance (Brokers) (8)
Merchant Banks (11)
Property (51)
Other Financial (26)

FT-SE 100 SHARE INDEX ...

3 Over 15 years.

5 All stocks

FIXED INTEREST

Day's change %

+0.53

127.58 +0.74 126.64

134.05 +4.63 132.95

147.56 +1.05 146.02

157.20 +0.04 107.15

107.36 +0.07 107.28

109.06 +0.51 206.51

+0.68 125.86

+0-23 |107.83

--- 80.63

126.72

80.63

Mga 上面 27

116.59

zd adj. today

1.09

0.73

0.00

0.96

0.60

0.34

9.28

0.11

0.32

7 High

11 Inflat's rate 5% 12 Inflat's rate 5% 13 Inflat's rate 10% 14 Inflat's rate 10%

strongly to revived institutional buying as interest rate worries subsided. Tarmac were outstanding and closed 18 higher at the day's best of 374p, while RMC rose 12 to 484p and BPB gained 13 to 345p. Redland moved up 9 to 367p. Several bright features emerged among secondary issues with Heywood Williams 12 to the good at 162p following speculative buying. Henderson Group put on 13 to 240p and Derek Crouch gained 8 to 146p. Finlan firmed 5 to 65p in response to the improved interim profits and confident statement. ICI continued to trade firmly ICI continued to trade firmly and touched 801p prior to clos-ing 5 dearer at 798p.

Stores close at best Leading retailers took Mou-day's rally a stage further and displayed numerous double-figure day's raily a stage ruriner and displayed numerous double-figure rises. Burton were to the fore and odvanced 22 to 530p, while W. H. Smith A, due to reveal interim figures today, improved a like amount to 264p. Gassles A, buoyant on Mouday following favourable commont, rose 10 more to 767p, while merger partners Habitat Mothercare, 433p, and British Home Stores, 315p, put on 18 and 7 respectively. Woolworth closed 17 higher at 457p, while Dixons rose 29 to 950p. Mail-orders participated in the upturn with Freemans and Gratian up 16 apiece to the commos level of 342p. NSS Newsagents, a recent takeover favourite, advanced 10 to 142p as D. C. Thompson increased its balding to 7.86 per cent. balding to 7.86 per cent.

Longer-dated Gilts then began to drift away from the highest levels and gains of 14 points were finally pared to e point. Diminishing interest rate pressures boosted the shorts, which rose if in places, but indexibilities and in places, but indexibilities are erased and in this later stages one ar two issues managed to improve.

Insurances closed firmer throughast Lloyds Brokers, well supported of late on consideration of their substantial dollar earnings potential, made further sood progress. Stewart Wrightson advanced 18 afresh to 773p and Howard firmed 10 to 300p, while Steel Burnili rose 8 to interim figures and proposed

Linear and gains of 14 points poor first-half profits, but railled to make progress and put on 13 mare to 276p, while Simon rose to sond the session 10 sp on balance at 180p. British Telecom, to the 190p and Delta gained 5 further to 184p. REP firmed 7 to 137p following the chairman's statement at the annual meeting. Brimid Qualcast put on 6 to 97p, while since the subject of a stake changing hands left Frederick Cooper a farcesh at 275p. Elsewhere, rumours of a speculative activity which left the quotation 3 dearer at 184p.

Among Foods, Tate and Lyle revived strongly and closed 12 migher at 542p while united do not be speculative activity which left in the quotation 3 dearer at 184p.

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Tues Jan 28 1986

Gross Div. Vieht% (ACT at 30%)

| Index | Day's | Day's | Day's | Jan | Ja

Est. P/E Ratio (Het)

Est. Earnings Yield% (Max.)

\$89.36 +1.6 9.72 3.91 12.91 636.36 +2.5 18.36 427 12.10 9.28.04 +0.9 9.75 45.8 13.45 1631.8 +2.0 8.96 46.5 14.56 1631.8 +2.0 8.96 46.5 14.56 1631.8 +2.0 8.96 46.5 14.56 1631.8 +2.0 8.96 46.5 14.56 1631.8 +2.0 8.96 46.5 14.56 16.50 +3.26 12.51 25.2 12.51 25.2 12.51

17.56

6.01 6.20 12.53 13.82

737.62 +1.6 518.89 +1.4 525.71 +6.6 782.02 +1.7 40.431 +1.1 1281.82 +2.1 279.79 +0.8 658.44 +2.7 292.59 +0.7 653.42 +0.9 267.00 -4.8 604.90 -0.9 699.40 +1.5

FIN	ANCI	AL '	TIME	es s	TOC	K II	4DIC	ES	
		Jan. 28	Jan. 27	Jan. 24	Jan. 25	Jan. 92	Jan. 21	year	
Governmen	nt Secs	81.16	80,81	80.74	80.45	80,52	60,56	78,40	
Fixed Inter	'est	87.16	86.70	86,78	86.55	86.65	86,71	82,48	
Ordinary v		1155,4	1132,4	1126,2	1120.4	1123,6	1108,7	961.8	
Gold Mines		547,7						445,1	
Ord. Div. Y	le d	4.46	4.63	4.57	4,39	4.40	4.47	4,48	
Egmings, Y	/Id. %(full)	10.86	11.01	10,71	10,77	10.77	10.94	11.12	
PIE Ratio (r				11.59	11,58	11,59	11.34		
Total burge	alne (Est.	27,048	26,230	26,295				33,199	
Equity turn	over £m.	- 1	668.20	658.6	643.1	479,9	485,7	481,46	
Equity berg		1	25,872	27,868	84,947	22,626	22,165	23,535	
Shares trad	ied (m?)	- }	273,7	323,1	309.3	207,2	215.5	212.1	
Shares traded (m2									
	HIGHS A	ND L	2WC			S.E. A	CTIVIT	r y	
'	1985	/8 6	Since Co	mpilat'ı	IND	ICES	Jan. 1	Jan. 24	
	High	LOW	HI6h	Low	Daily		7		
Govt. Secs.	84.57	78.02 29/1/85)	107.4	49.16	Barg Equitie	A ITA	129,2	131,4	

fil3.2m rights-issue with a jump of 23 to 293p. The Wood Mackenzie forecast that sales of bome computers would rise significantly continued to fuel demand for computer stocks. Amstrad rose 14 more to 232p and Acora put on 10 to 106p.

Engineers, and particularly the secondary issues, enjoyed a firm trading sessian. Interest broadened considerably and resulted in a number of noteresulted in a number of note-worthy movements. Burgess Pro-ducts were outstanding at 160p, up 22p, in response to news of the proposed acquisition of ATCO Controls of Ontario, Canada. Glynwed continued to make progress and put on 13 mare to 276p, while Simon rose 10 to 190p and Delta gained 5 further to 184p. RHP firmed 7 to 137p following the chairman's statement at the annual meeting.

Fri Jan 24

9.80 579.81 573.45 549.82 539.06 6.34 629.81 616.45 613.45 465.82 1.90 979.55 911.34 911.00 779.49 6.06 160.27 1575.75 1572.30 1581.34 52.11 1402.12 1387.58 1371.83 1761.19 0.13 322.56 321.13 313.63 223.26 0.00 254.69 253.96 251.14 170.67 0.27 227.37 213.96 213.44 151.26 0.07 1070.03 1854.57 1057.75 884.56 0.27 227.37 213.96 214.94 151.26 0.07 1070.03 1854.57 1057.75 884.56 0.07 1070.03 1854.57 1057.75 884.56 1.16 780.38 778.91 773.32 563.40 1.10 566.38 757.95 752.02 619.84 1.10 566.38 557.04 556.10 485.49 1.00 1259.48 1253.32 1252.20 1054.87 2.13 742.16 731.17 732.11 674.67 2.13 742.16 731.17 732.11 674.67 2.13 742.16 731.17 732.11 674.67 2.13 742.16 1255.31 1255.31 1255.31 1255.31 1255.31 1252.31 2.10 1259.48 1255.31 1255.31 1252.31 2.10 1259.48 1255.31 1255.31 1252.31 0.00 1259.47 1256.57 948.71 924.25 0.00 257.72 945.57 948.71 924.25 0.00 1391.34 1393.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1391.34 1339.60 1330.89 1092.15 0.00 1291.34 1291.34 1201.37 1201.37 1201.37 1201.37 1201.37 1201.37 1201.37 1201.37 1

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18.45

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Juny Jan 23

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Index No.

Mon Jan 27

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282p, a two-day sdvance of 14.

J. Sainsbury were 6 better at
354p and nee Corporation 5
dearer at 250p. Argyll moved
up 6 to 353p and Hillards
rallied 5 to 175p; the latter on
second thoughts about the
interim results. About Fisher
gained 9 to 167p on speculative
buying. Elsewhere, recentlydull Avana revived with a gain
of 15 at 583p, but Meat Trade
Suppliers softened a couple of
pence to 103p following the disappointing half-year figures.

Grand Metropolitan were finally 7 higher at 388p and Trusthouse Forte 2 better at 151p. Ladbroke attracted late 152p. Ladbroke attracted late 152p. Dealings in Ian Leisure and J. A. Devenish resumed following details of an agreed merger to be effected by a £30m offer for Inn Leisure from Devenish; dealings in Inn Leisure resumed at 113p and the price quickly raced ahead to touch 136p before settling a net 15 higher at 131p. Devenish restarted at 650p compared with the suspension price of 645p and closed at 770p, up 125.

Beecham up late ...

Inclined easier initially, Beecham gradually recovered before moving ahead smartly in the late dealings amid a revival of takeover speculation to close 11 up on the day at 366p. Glare, helped by US demand, pushed shead further and closed 35 up

st 202p, while European Ferries
also the subject of takeover
bopes, advanced 3½ to 132p.
Marley touched 109p on bepes of
news on the sale of Payless
before closing 4 better on the
day at 108p. Bowater met with
demand and put on 19 to 283p
along with Turner and Newall
which rose 3 to 140p. Still
reflecting newsletter comment.
Stainless Metalcraft firmed 5
more to 107p. The success of
the rights issue prompted fresh
strength in Unigroup, up 10 st
lisp, while comment on the preliminary figures prompted
renewed firmness in Blue Arrow
which gained 6 further to 241p.
Casins group Aspinall gained Casins group Aspinall gained 15 to 174p on speculation about a bid from Pleasurama, also 15

Inguar, supported on Monday reflecting currency considerations, responded to fresh demand from the US and advanced to a new 1985-86 peak of 385p before closing a net 13 to the good at 379p. Motor Components continued to make progress with Automotive Products, in receipt of an agreed bid from BBA, another 9 dearer at 179p, after 181p; BBA hardened 7 more to 182p. AE rose 7 to 153p, while Armstrong Equipment put on a couple of pence to 90p. Lucas, on the other hand, dipped 12 to 486p reflecting the liquidation of speculative positions.

Among Publishers, News International rose 50 ta 890p following Press comment. Poper/Printings attracted useful support ocross the board. British Printing and Communication in the printing attracted useful attra improved 6 to 214p.

Properties attracted persistent demand and closed with wide-spread gains. Among the leaders, Land Securities and spread gams. Among the leaders, Land Securities and MEPC both rose 11, to 293p and 291p respectively. Elsewhere, London and Edinburgh attracted fresh demand and rose 25 to 185p, while Eagalian gained 15 to 340p. Capara Properties, still reflecting a newsletter recommendation, put on 6 more to 60p. I while Mountview Estates hardened 5 to 370p on news that might Sydney and Melbourne TR Property Investment Trust markets which reopened after the Australia Day holiday. Cent. London Shop Property added 3 to 164p following the added 3 to 164p following the added 3 to 164p following the at 195p, and Metramar, 4 firmer interim results occompanied by a file deal with Asarco Australia.

P & O Deferred attracted a useful demand which continued after-hours, to leave the shares 20 higher at 460p,

Textiles continued to attract a fair measure of speculative attention in the wake of the proposed merger between Coats Patons and Dawson Interat 865p. BOC gained 8 to 290p, national, although the latter, while Reed International put on rated a "short-term sell" by 17 to 672p and Metal Box rose brokers de Zoete and Bevan, 13 more to 605p. Elsewhere in eased 4 for a two-day decline of the miscellaneous industrial 26 to 204p. Parkland A, a vela-

MONDAY'S YESTERDAY'S **ACTIVE STOCKS**

ACTIVE STOCKS yeaterds Closing price 106 232 179 663 530 216 152 131 379 106 180 264 Stock
Acom Computer
Anistrad
Automotive Prods.

6P
Gurton
DRG
Euro Ferries
Inn Leisura
Jaguar
Mariey
Racat Elects.
Smith (W. H.) "A"

B=Bid

P≠Put

tile market recently, advanced 7 to a new peak of 127p, while noteworthy rises were also seen in Burmaiex, 4 to the good at 128p, and Textured Jersey, 6 better at 112p. Atkins Bros, up 30 on Monday following news of 2 bld approach from Lincroft Kilpour, encountered sporadic profit-taking and settled 10 cheaper at 178p. sector, Cowan de Groot came to lifa after-hours', closing 14 higher at 65p on news that interim profits towards the top-Powderplan Securities, controlled by Philip Birch and David De Garle of the Ward White Group, had acquired a 19.5 per cent stake in Cowan. Bid speculation left Redfearn 18 to the good at 148p and Parker Rnoll A 16 up of 282p, while European Ferries also the subject of takeover bopes, advanced 9 to 152p. Marley touched 108p on bopes of and Altken Hume another 3 to

Bullion drifted easier from the outset and eventually settled a net \$3.125 down at \$352 an ounce. Golds performed similarly with persistent selling pressure only partly offset by a brief rally around midday. Interest in the sharemarket contracted as dealers awaited the outcome of the extraordinary meeting in Johannesburg at which the proposed terms of the merger of the Anglo American Corporation's Orange Free State gold mines were being can Corporation's Orange Free State gold mines were being deliberated. A decision on Free State Geduld's participation in the merger was deferred until a further meeting to be beld on February 11. In the leading Golds Vaat Reefs and Southwas retreated around £14 apiece to £574 and £294 respectively while Western Holdings lost a paint to £184 and Libanon § to £18.

Australians were mived dec

buying interest following the latest improvements in crude oil prices. BP advanced to 591p before easing late to close a net 8 firmer at 583p, while Sheli settled 4 up at 680p, after 688p. Gains ranging from 2 to 5 were commen to Britoil, 202p, after 206p, IASMO, 188p, and Ultramar, 210p. Recently-dull Tricentrol revived with a 10 gain at 143p.

A lack-lustre showing by the bullion price and profit-taking ahead of the crucial speech by President P. W. Botha at the forthcoming apening of the South African Parliament on Friday led to a general decline in South African gold and related issues. in South Af related issues.

Traded Options A mathed resurgence of entinesiasm for the FT-SE 100 index, which contributed 2,201 calls and 1,136 puts, boosted total contracts transacted in Traded Options to 18,062. Elsewhere attention contract on table

where, attention centred on take-over favourites, notably Beeckam, which recorded 1.289 calls, 823 in the March 380's, and Lourko, which stracted 1.188 calls. Operators also showed interest in Jaguar and Racal which recorded 1.147 and 792 calls respectively.

FIXED INTEREST STOCKS

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lesue price	d cp	auno.	1965/6		Stock	osina nes g	+0
	₹ā	75.	High	Low	I have a state of the state of	10 A	
97,903 (99,745 £19-	£26	114	24% 24% 115 p	231	Alied Lon. Props. 1974 istMort. Deb. 2014 First Scot. Am. 1142 Deb. 2015 Sinti. Inv. Tat. Jersey 15% Com. Rad. Pr Mid Sussex Wtr. 542 Red. Pref. 1996.	95p	+ 1
100 (99,51) 199,700	F.P.	30/5 26.5 20/2	101s 981s 401s	961	Nationwide Bidg. Soc. 121 12/187 Rosehgugh Greycoat 112 ist Mt Db 2014 IT. T. Finance 11/2 Gtd. Deb. 2218	99.4	+ 40
192,700		-		-			•

RIGHTS OFFERS.

ense de la conse	Latest Renunc.	198	5/6	Stock	Closing	4	
price	28	date	High	Lawi		82	-
83 100 750 8,50 32 240 16 555 200 70 53	HILL ME HILL F.P. F.P. F.P. Will F.P.	5/6 7/3 	18pm 23pm 80pm 240pm 550 29 445 181s 26pm 84	15pm 55pm 100pm 46 267 17 400 174	Geormon St. Invs. 20p. Geormon Gru. Pfd. Ord. 5p. Cala 50p. Cala 50p. East Rand Prop. Geormon Sp. Hogg Robinson Geormon Grunter Sp. Hogg Robinson Geormon Grunter Sp. Hogg Robinson Geormon Grunter Sp. Hogg Robinson Geormon Sp. Hogg Robinson Hogg R	11bm 14pm 55pm 125pm 54 300 65 445 171 ₄ 24pm 83	+5

Remandation date exually lest day for dealing tree of stamp duty. 5 Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interior attendent. H Dividend and Yield based on prospectus or other officiels estimates for 1986, I indicated dividends: nover relates to previous dividend; p/s ratio based on latest entered sentings. o Forecast otherwise indicated. I issued by tender. S Offered holders of ordinary charts as a "rights." "Leaved by way of capitalisation. B Pitting price. SS Relatroduced. If issued is connection with reorganization marger or takeover. M Allotment price. SS Deals to under Rule SS (4) (s). The moder Rule SS (4) (s). Units compilaing two ordinary, one preference and one warrant, at III per unit. If Units compilaing two ordinary, one preference and one warrant.

RISES AND FALLS

International, Prestwich, Sound Diffusion, STC, ASDA-MFI, Rainers (Jewellers), S. & W. Berisford, Spectrum, Norfolk Capital, Westland, Vosper, Beech Petroleum, S. R. Geut, Marley, Rentokii and McFisiay Red Lake. Na puts were reported, but a double option was taken out in Acorn Computers, 976, 440 1,384 - NEW HIGHS AND

LOWS FOR 1985/86 ings ings tion ment
Jan 20 Jan 21 Apr 24 May 8
Fsb 2 Feb 14 May 8 May 19
Feb 17 Feb 28 May 29 June 9
For rate indications see end of
Unit Trust Service
Call options were done in BSR
International, Energy Capital,
Jeans Woodhead, Valin Folica

TRADITIONAL OPTIONS BRITISH FUNDS (2). AMERICANS (6).

First Last For 120. STORES (3). ELECTRICALS (6).

Deal- Deal- Declara- Settle- Co. MOUNTAINALS (2). HUBBRANCE (4).

Inge ings tion ment

							-						<u> </u>		
				1	ND		_	ADED O	PT						
		-1	CALL	5 . 	-4	PUT		_[1	ALLS	4	ž	PUTS	
Optio	oh	Apr.	Jub	Oat	API	. Jul	y Ooi	Optio	ri .	Feb.	May	Aug.	Feb.	May	Aug
(4299). B.b.	500 560 600	95 48 15	100 58 84	65 38	88 50 00	12 35 58	33	P. A.O. (*468)	390 480 460	72 42 12	78 55 24	65 34	9 3 17	4 18 66	17
Cons. Gok (*489)	500 500	23	70 40 18	20 80	18 87 70	20 42 77	38 67	(*180)	140 160 180	48 84 6	48 56 16	62 40 26	1 5 16	6 6 16	11 80
Courtuilds (*803)	140 150 180 900	68 48 68	79 61 55 21	42	111	2	1 =	R.T.Z. (*572)	500 550 600	79	67 48 66	95 68	24 6 15	8 24	19
Com. Unior		42 26 15	54 25	30 27	1.2	1 11	11	Vasi Roofs (*\$81)		15 16 44 14	17	16 14	55 21 ₀ 5 131 ₂	71 ₂	18
A 11-000		5	111	1 =	30	. 52	80	Ex 107 198 (*295)		15		-	0.5	=	' =
Cable &Wire (*888)	650		80 35 17	105 58	22 66	60 60	32	Tr. 112% 1887	1 100		17.7	27	24	<u></u>	=
Distrilers (*563)	460 500 560 600	125 83 45 15	128 85 53	65	13 15 40		177	(*£100) Tr, 113% 85/8 (*£157)	102 104 7 106 108	=	85	0)7	6-4 150	0/4 1/4 558	
GEO. (*164)	140 160 180	34	24 15	30	1 .7	1.0	119		115 116 114	64	164 04 04	615 115 615	15a 56a 65a 76a	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 / 6 / 6 / 6 / 6 / 7
0	200	2		<u> </u>	48	<u>+ - </u>	84	Optio							
Grand Met. (*385)	360 390 420	60 45 89 7	75 54 32 15	66 47	88	15 22 43	15	Beecham (*370)	280 300	98 80	June 100 85	Sept. 80	Mar.	Juna 2	Sept.
1.G.L. (*707)	650 700 756	150 110 68	167 117 78	= 84	100	15	Ī	Boots	386 660	55 99 57	57 40 43	63 48	17	16 28	17 55
Land Sec. (*290)	280 200	27 14	34 30	86 40 24	15	1 14	10 18	(*248) STR (*408)	560 360 500	82 55 50	95 57	105	5 6	14	17 6 10
Marks & Sp.	380	48		<u>! -</u> -	40	40	<u> </u>	Bess	1 600	55 ;	80	100	16 (32	87
(*172)	140 180 180	36 19 12	26 12	26 17	2 5 15	5	먎	(*635) De Beers	500 500	120	45 20	70 40	30 70	40 70	83 50 70
Shell Trans (*685)	650 700	95 55 18	100 56 26	67 87	14 43	22 48	26	(*45,95)	550 600 660	60 45 24	65 40	160 80 68	18 40 70	30 55 88	27 40 55
Trafigar Hee (*315)	300 330 360	83 17 6	41 26 15	45 29	16 24 48	15 30 48	38	(.900) GION	260 260 350 300	63 48 26 14	66 48 32	75 58 40 28	1 ie	7	6
Giaxo 728 150 1195															
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Brit. Aero (*441)	390 480 480	55 27 8	65 48 27	60 42	14 5	17 37	20	Hanson (*144)	185	15	84 13	87 1	4	35	48
BAT Inds	280 300	68 48	76 58	15 67 70	60	3	1 57	Jaguar (*883)	240	2	7		5 to 1	25	19
	335 360	16	50 15	42 23	7 25	14 32	20 35			108 i	116	<u></u>	1 1	112 112 3	= =
Barclays (*447)	490 460 500	57 14 6	57 30 14	70 42 25	5 25 55	11 30 62	17 35 67	Thorn EMI (*592)	360 390 420	58 30 45 95	50 1	34	6	11	19 14
Brt Telecom	160	27	- 1	-	1				420	16	42 2D	55 55	15	19 20 42	27
(*186)	160 200 220	11 ₀	20 21 ₈	24 14 5	16 55	7½ 15 56	15 12 32	Tesoo (*281)	260 260 300	67 16 7	88 87 12	60	121	15	20 8 25
imperial Gr. (*256)	920 940 960 980	41 32 15	45 28 19 11	50 33 22 15	5 12 30	5 16 17 35	5 18 90 33	Option	Jan.	JJ-		pr. Jan)I	Apr.
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(*190)	200 220 240	10	16	22 15 10	22 35 55	25 35 65	16 30 40 53	(*1425) 13 13 14	50 76 75 60 90 85	80 60 43 23	35		5 14 25	15 18	15
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J	240 J	622	14 [174	17 }	94 (28	January Puts	1,730	י בטחנה שלום	aots 1: Lriying	8,066 (300Ur	alis 1	,552	_
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WORLD STOCK MARKETS

WORLD STO	CR WARRETS
AUSTRIA Jan. 28 Price + or Jan. 28 Price + or Jan. 28 Kroner - Jan. 28 Austria (continued) Jan. 28 Austria (continued) Jan. 28 Austria (continued) Jan. 28 Yen	CANADA
Gredit'nst'ft pp * 2,350 +50 Agg	Sales Stock High Low Close Chang Sales Stock High Low Close Chang Sales Stock High Low Close Chang
Perimoder	TORONTO 4840 Cons Gas S25 25 25 25 25 25 25 2
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8.8.L	17675 ASPAR E.D. 3134 10 134 40 134 40 134 40 134 40 134 40 134 134 134 135 135 135 135 135 135 135 135 135 135
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Jan. 28 Price + or Frs Toro Assio. 38,300 + 790 do. (Part Certs.) 2,860 -20 All Nippon Air. 310 +8 SINGAPORE 0 oredit 5uisse 3,660 -60 Aips Electric 3,020 +20 Jan. 28 Price I + or Electrowatt 3,460 -25 Assin Gherman 702 Jan. 28 Price I + or 2 Jan. 28 Price I + or 3 Jan. 28 Jan	300 Chieftan \$12's 12's 12's 12's 12's 12's 12's 12's
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Moct-Hennessy 2/425 -34 Med Mid Bank 218.5 -8.5 Anglo Am. Cost. 49 -7	Jun 24 Jun 17 Jun 10 Year Age (Approx) GAC General (5/1/80) GAC General (5/1/80) 100 Tendanoo (5/1/2/85) STANDARD AND PROSS. GENERALLY G
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OVER-THE-COUNTER Nasdaq national market, 2.30pm prices	1985 1985
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PicyMag 1174 1774 1772 SavnFs 800 1 31 31 31 31 Symboth 137 84 57 84 74 VSE 176 5 100 100 100 59 59 59 60 100 100 100 100 100 100 100 100 100	Exit Air 1,875,200 576 + 1/6 CSX Corp 1,316,800 341/5 1/7 1,875,200 4576 56 Marton Taio 1,285,500 341/6 2/7/6 M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 254,4 243,8 258,8 (7/1/88) 184,8 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 (4/1/85) M.S. Capital Inti. (1/1/70) - 256,2 (4/1/85) M.S. Capital Inti. (1/1/70) M.
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PricCm 17 85g 85g 87g 12 12 2 2 2 2 1 12 2 2 2 2 1 12 2 2 2	Comparis LEGS 7_227.51 2.516.1 2.773.3 2908.5 (51/12/85) 2348.5 (51/18) 50: Stendard and Poors—10: and Toronto Compoune and Mateis—1,000, Toronto Indices based 1975 and Montreal Portfolio 4/1/83, † Excluding bonds, ‡ 400 Industrials plus 40 Utilities, 40 Pinsocials and 20 Transports. c-Closed. * Indices pre-class figure
Qualice 42 5 147, 141, 147, SevCok 16 109 197 197 197 1 1 Telvid 50 37 27 7 1 Wsh 1.75 181 227, 225, 225	NORTH AMERICAN QUARTERLY RESULTS
R R Shoreys 18 1072 2679 2574 2572 * Thermod 351 15% 15 15 15% 1 Western 104 274 275 2774 1 Shoreston 279 1294 134 134 + 1 Thermod 351 15% 15 15 15% 1 Western 104 274 275 2774	AMBAHL Computers DOW JONES Publishing LEARTIN MARKETTA Accompace contractor Fourth quarter 1985 1984 Fourth quarter 1985 1984 Fourth quarter 1985 1984 Fourth quarter 1985 1984
RAX .01e 103 73, 7½ 77 = 1; Silicon 418 47; 33, 47 + 1; Thorse 412 63; 63 65; WalicTo 1 51, 51, 51, 51, 51, 51, 51, 51, 51, 5	Revenue
Rainer 106 107 324 351 3512 551 551 551 551 551 551 551 551 551	Revenue
Regiss 12 14 157 15 15 Some A SSS SSS SSS SSS SSS SSS SSS SSS SSS	APOLLO COMPUTER Electronics Pourth quarter 1965 1964 Fourth quarter 1965 1964 Fourth quarter 1965 1964 Fourth quarter 1965 1964
Burniffe 4 241, 251, 241, 1 0 241, 1 0 21, 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Revenue
Nouses 54 233 277 27 - 1 Shalle 348 141 14 140 + 1 US Sur 406 535 181 181 182 Zondon 242 153 15 15 - 1	Net per share
5 5 StewStv 122 137 ₂ 137 ₄ 137 ₂ + ' ₉]	EARCER INTERNATIONAL Fourth quarter 1985 1884 PACIFIC QAS AND ELECTRIC UNITY 1985 1884 1884 1885 1884 1885 1884 1885
SCI Sy 210 140, 141, 141, 141, 141, 141, 141, 14	S St. per share 1.17 1.15 Revenue 2.07bn 2.11bn 2.43m 2.15bn 2.1
Tr 12% 93/05 £114% + 1 Parker Knoll A 262 + 16 Acorn Computer 106 + 10 P & O Defd 480 + 20 Aspinall 174 + 15 Racal Elects 180 + 10 Authornof Prods 179 + 9 Redf Not Gl 148 + 18	Britistro 1.05m 574.5m
Automot Prods 179 + 9 Redf Not Gl 148 + 18 Beecham 366 + 11 Smith (W. H.) A 264 + 22 Bowater Inds 283 + 16 Tate & Lyle 542 + 12 Burgess Prods 160 + 22 Thorn EMI 389 + 10	Revenue
Carless Capel 80 + 10 Tricentrol 143 + 10 Cowan de Groot 65 + 14 Unigroup 118 + 10 Cray Elect 293 + 23 Utd. Bis 247 + 12	Year Siz months 1.15bn 1.15bn 4.27m Year Year Year 7.9bn
Devenish (J. A) 770 + 125 FALLS Euro. Ferries 152 + 9½ Atkins Bros. 178 - 10 Glazo 865 + 35 Largas Inds. 496 - 12 Inn Leisure 131 + 15 Mer House 278 - 18	TUR: COMPANY EN THE FT .

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Continued on Page 39

NEW YORK STOCK EXCHANGE COMPOSITE PRI

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AMEX COMPOSITE PRICES Prices at 3pm, January 28 ## 1 ATT LETT AND SATES AN Stack Div.

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BELGIUM & LUXEMBOURG

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Stunned by Challenger disaster

ANOTHER STRONG session on Wall Street - the fourth successive gain - was checked abruptly when news of the disaster to the US space shuttle mission took the heart out of the stock markets, writes Terry Byland in New York.

An early gain of more than eight Dow points was quickly halved before the market regained its balance and the blue chips began to return towards their higher levels. At the close the Dow Jones industrial

average was up 18.81 at 1,556.42. Wall Street was stunned by the disas-ter and stock prices wilted as investors turned their attentions away from the fi-

nancial markets. Earlier, stocks had continued their favourable response to the fall in oil prices, helped by gains in bonds on expectations of a cut in the Japanese discount rate.

Lockheed, which manages ground processing of the shuttle, eased \$1% to \$45 as the company said it had no immediate comment. Rockwell International and Morton Thiokol, also involved in the shuttle mission, gave ground. Rockwell slipped \$1% to \$33%, while Thiokol, briefly suspended in the face of a wave of selling orders, returned to trade at \$35

FT-Actuaries
All-Share Index

1983_

748.44

172.55

679,41

745.80

357.0

12,993.69 12,983.14 11,796.90

1,041.20 1,041.30 919.23

1,055.6 1,052.9

534.5 529.4

121.10 119.83

2,237,91

138.84*

107.3

662.72

1.997.2

605.58

575.1

256.2

COMMODITIES

GOLD (per ounce)

Jan 27

2,817.96 2,809.86 2,126.04

2,218.5 148.39 2,827.9 2,566.0

138.47 129.31

106.9

220,63

107.3

685.01

1,754.38 1,744.11 1,374.89

380.93

Prev

1,307.9 1,071.8

108.15 108.76 112.53

1,753.96 1,794.23 1,433,68

585.5

Prev

254.4

434.60p

san 28 \$352.00

\$353.25

\$353.77

£1,025,50 £1,028,50

£2,478.50 £2,611.50

2068 6 1,139.3

459.88 256.07

601,13 794,64

925.4 885.5

411.2

Yearago

194.7

452,10p

\$355.125

\$358.875

\$362.98

\$363.50

10.77

1,155.4 1,139.4

Previous Year ago

1,537.61 1,277.83

207.39 177.39

1,405.0 1,265.8

1984

607.17

148,39

601.35

657.33

10.99

446.1

429.2

1965

1986

7,3625

2032

49.15

DM

6-month US\$

1993

1995

9% 2015 .

8%

1~10

15-30

Source.

10% June 1990

3% July 1990

8% May 2000

Abbot Lab

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

Three-month Euroc

20-year Notional Gilt

£50,000 32nds of 100%

\$1m points of 100%

US Treesury Bills (MAN)

Certificates of Deposit (IMM)

n/a

US Tree

LONDON

10% Mar 1993 104.797

10% May 1993 102,824 10.06

3-month USS

2,7105

CURRENCIES

Previous

2.398 195.7 7.365

2.0335

2,7095

49.15

1.4205 1.41375 1.9985

INTEREST RATES

US BONDS

8.859

9.308

Day's change

+0.37

+0.26

+0.13

+0.32

+0.77

Price Yield

7.65 9.56

9.67

84-28 85-05 84-22 84-20

93.19 93.25 93.18 93.20

92.40 92.42 92.40 92.38

n/a

100%

90%

10% May 2013 101.083 10.50 100% 10.55

11.80 Feb 2013 109.861 10.70 109.187 10.75

12% Dec 2012 107.928 11.30 107.481 11.35

FINANCIAL FUTURES

86.091

99142

1029%

1057%

Return

138.65

135.24

129.89

137.31

150.89

US DOLLAR

1000 Fac month figure

1981

NEW YORK

LONDON

TOKYO

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord. Metals & Mins

AUSTRIA

BELGIUM

CANADA

Portiolio

DENMARK

FRANCE CAC Gen

Ind. Tendance

WEST GERMANY FAZ-Aktien

Commerzbank

HONG KONG

ITALY

NORWAY

Oslo SE

Hang Seng

Banca Comm

KETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

Straits Times

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'I

Silver (spot fixing)

Oil (spot Arabian Light)

SWEDEN

J&P

WORLD

(Lendon)

Coffee (Mar)

Paris (fixing)

New York (Feb)

SPAIN

Credit Aktien

Toronto Metals & Minis

FT-A All-sharr

FT Gold mines

FT-A Long gilt

DJ Transport

S&P Composite

STOCK MARKET INDICES

Jan 28

1,547.13*

750.47*

1,426.3

757.52

against \$37 ahead of the disaster reports.

During the first half of the session, prices continued to surge forward, with investors favouring those likely to benefit from lower oil prices. Hopes of a cut in Japanese rates revived hopes of a similar downward move in US discount rate, although few analysts expect such a move to come soon.

Bank issues, hit last week by nervousness over their energy loans, staged a good recovery. Bankers Trust gained \$\% to \$34\%, Chase Manhattan \$\% to \$70\% and J.P. Morgan \$1% to \$62%. Citicorp. which has been shielded from much of the setback elsewhere in the sector, also improved, adding \$% to \$45%.

Utilities, always an indicator of interest rate prospects, also moved up, led by Consolidated Edison, 5% higher at \$40% and Pacific Electric & Gas, \$\% up at \$33.

Car stocks provided the strongest feature in early trading, after a First Boston analyst recommended General Motors as "a strong buy", on the "overall improvement in group fundamentals". Other motor industry analysts chimed in, pointing out that lower interest rates and oil prices would benefit US manufacturers. At \$73, General Motors was \$2% higher, Ford climbed \$1% to \$81% and Chrysler \$1/2 to \$44%.

Airline stocks came in for some profittaking after the sharp gains chalked up as oil prices slid lower. United at \$54% shed \$¼ and Pan Am was unchanged at \$8%. Northwest Air, expected to benefit strongly from its planned acquisition of

Republic Air, added \$% to \$49.

American Telephone & Telegraph traded heavily after the results, shading \$% to \$22%. GTE, a major competitor in

1500

1150

1100

STERLING

1,3915

3.3375

272.25

2.83 3.77

68.4

1.9587

13% 4% 4%

8% 8% 7% 7.70 6.94

8.75

9.11

Day's

-0.06

-0.05

-0.05

-0.06

10.11

10,00

Jan 28 Previou

1.41 3.38

10.38

2.885

4140

8% 7% 7.65 6.91

100%

392 Art

105%

8.72

8.46

8.08

9.63

Price

100%

85%

9.033 1021%2

3.8275

275.75

KEY MARKET MONITORS

the telephone business, added \$\% to \$47%, also after results.

Oils continued to give ground, although Exxon at \$51% shed only \$% after disclosing a 20 per cent gain in 1985 profits. Atlantic Richfield fell \$1% to \$52% after suspending its stock purchase programme. Standard Ohio, controlled by British Petroleum, fell \$1% to \$45%, and Mobil, still responding to results. \$\% to \$29.

Technology and computer stocks remained firm, with IBM rallying \$\% to \$149\% as the market assessed the implications of the plan to cut the Intel stake - at \$27%, Intel held steady.

Digital Equipment surged ahead again, adding a further \$1% to \$155%, Honeywell gained \$% to \$75% and Burroughs \$\% to \$87.

Consumer stocks extended their recent recovery, reflecting potential bene-fits for consumer spending from lower oil prices and a re-stimulated economy. Federated Department Stores jumped \$1% to \$87%, and J. C. Penney added a further \$% to \$57%.

In the credit market, short-term rates showed little change, despite federal funds still comfortably below 6 per cent. An early move in federal discount rate is now thought unlikely, although some analysts suggest that the rate could be cut in a month or so. Bonds recovered their poise in the second half of the session, to record gains of about half a point.

LONDON

Late flurry secures record high

A BURST OF optimism late in the session yesterday swept London to a record high. Investment confidence was strong throughout and news of a good early trend on Wall Street encouraged the late

During after-hours trade the FT Ordinary share index continued to rise, clos-ing 16.0 up at a record 1,155.4. The FT-SE 100 index also rose sharply to end

21.3 higher at 1,426.3.
Sterling's better performance diverted attention to gilts, where shorter issues gained '1/4s. Longs' gains were pared to 1 point from an earlier 11/4, while indexlinked werer less favoured than recently.

Chief price changes, Page 37, Details, Page 36, Share information service, Pages 34-35.

AUSTRALIA

OVERSEAS INVESTORS rushed back into Sydney after Monday's Australia day holiday and pent-up demand sent The All Ordinaries index gained 2.7 to

Stronger international bullion prices

led to gains among the gold issues and this in turn flowed on to other miners. News Corporation, the media group owned by Mr Rupert Murdoch, moved higher on news of his apparent success against the printing unions in London. News rose 24 cents to A\$9.26.

HONG KONG

THIN TRADING ahead of the Chinese new year remained indicative of activity in Hong Kong yesterday. Prices moved marginally higher despite some profit-

taking.

Banks and utilities were selectively sought, encouraged by speculation of strong results from Hongkong Bank, Hang Seng Bank and Hongkong Electric in the upcoming reporting period.

These issues respectively put on 5 cents to HK\$8.00, remained steady at HK\$47.50 and added 5 cents to HK\$8.85.

SINGAPORE

BLUE CHIPS provided much of the upward impetus in Singapore yesterday, the market's third consecutive firmer

Singapore Airlines was again the day's most actively traded issue, adding 15 cents to S\$5.15.

Industrials were firmer. Cycle and Carriage advanced 12 cents to S\$2.07, Fraser and Neave gained 5 cents to \$\$5.75, Singapore Press added a similar amount to \$\$5.90 but Gentings eased 4 cents to \$\$4.18,

SOUTH AFRICA

THE SURGE to record levels among gold shares in Johannesburg yesterday was short-lived and prices slipped back

throughout the day in quiet trading.

As international hullion prices began to slip, a mild sell-off began that depressed most prices across the board. Vaal Reefs shed R2 to R243, Western Deep Levels lost R1 to R122 and Orange Free State producer President Brand recorded a similar loss to R59.

CANADA

MINERS EXTENDED their gains in Toronto where prices traded mixed in an active session.

Noranda moved C\$1/2 to C\$16% and Inco C\$1/4 to C\$20.

Northern Telecom lost C\$1% to C\$37 as fellow telecom giant AT&T reported slightly lower fourth-quarter earnings.
Mitel was steady at C\$7% after gaining C\$1 in the previous session on news

that the UK Government had conditionally approved British Telecom's takeover of the company.

TOKYO

Confidence fuelled by rate hopes

did not help boost the market. Investors sought semiconductor-related blue chips and incentive-backed stocks, but they neglected issues vulnerabla to interest rate movements, such as utilities.

up from Monday's 301.87m. Declines outnumbered gains 409 to 391, with 158 is-

the list of active stocks with 12.68m shares changing hands and closing Y10 higher at Y795. Toshiba was second, ad-vancing Y12 to Y392 on volume of 12.10m shares. Non-residents bought heavily in anticipation of a recovery in the semiconductor supply-demand balance, spur-

Shin-Etsu Chemical, the third busiest with 10.32m shares, spurted Y74 to Y1,030, regaining the Y1,000 mark for the first time in nearly a year and OKI Electric the fifth most active with 6.8m

Reflecting the Government's policy to stimulate domestic demand, Nippon Road and Nippon Hodo, both road construction companies, drew buy orders, jumping Y29 to Y729 and Y90 to Y1.680,

with Citizen Watch climbing Y35 to Y530, Janome Sewing Machine Y10 to Y496 and Tokyo Juki Industrial Y63 to Y655. 10.01m shares.

came under selling pressure, Tokyo Electric Power fell Y40 to Y2,890 and Kansai Electric Power Y50 to Y2,030.

On the bond market, the yield on the

CONFIDENCE grew among investors in Tokyo yesterday that the Bank of Japan would authorise a cut in the official discount rate by % percentage point tomorrow. However, this sentiment had little impact on prices, writes Shigeo Nishiwaki of Jiji Press.

The continued gain on Wall Street and rumours of a crude oil price cut by Opec

The Nikkei average added 10.55 to 12,993.69 on a volume of 347.86m shares, sues unchanged.

In otherwise lacklustre trading, Hita-chi and Toshiba soared. Hitachi topped ring Japanese dealers to follow.

shares traded some Y22 to Y729.

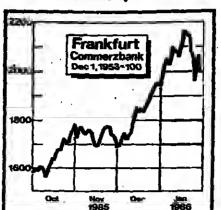
respectively. Speculator favourites strengthened

These issues were bought mainly by in-dividual investors and dealers. Citizen Watch was fourth on the active list with

However, electric utilities which would benefit from lower interest rates,

bench-mark 6.2 per cent government

bond due in July 1995 slipped below 5.5 per cent, opening at 5.480 per cent compared with 5.525 per cent on Monday. But selling pressure later pushed it up to 5.51 per cent. Market sources said a trust bank sold large lots of issues with maturities similar to the benchmark issue's. Major dealers were reticent because of uncertainty over terms for the Government's February bond issuance.



EUROPE

Frankfurt storm amid bright spots

THE OUTLOOK on the European bourses yesterday resembled a typical January weather forecast: severe storms with isolated bright spots as the invest-

ment climate begins to warm up.

The storm was Frankfurt. Profittakers flooded in as the dollar weakened
below DM 2.40 and forced many investors to rethink, at least temporarily, their strategies. The recent wave of rights issues also contributed to the sharply lower performance that lopped 71.4 off the Commerzbank index to

The banking sector, which is a major constituent of the Commerzbank index. failed to recover any lost ground near the close as the uneasy suspicion that the German banking system may be in for another round of Third World debt problems gained currency.

Deutsche Bank led the way down with

its DM 28 fall to DM 810, while Dresdner lost DM 18.50 to DM 415.50 in partial response to Monday's DM 660m cash call and Commerzbank weakened DM 18 to DM 320.

The bloodletting continued among the car makers, with Daimler marked down DM 68 to DM 1,345 after touching DM 1,315, while VW finished near its low for the day with a DM 17.50 slump to DM

Siemens and AEG, the main features of the previous session, lost heavily in early trading but recovered to finish DM 19.50 lower at DM 807 and DM 6.40

cheaper at DM 301.50, respectively.
Chemicals offered some resistance to the downturn largely due to bearish nature of oil prices. Bayer crossed the line DM 4.50 lower at DM 283.50, BASF dipped DM 5.50 to DM 266 and Hoechst retreated DM 5.30 to DM 277.20.

Retailers showed surprising strength compared with recent days. Kaufhof sparkled with a DM 1 gain to DM 390 on bargain hunting, while Karstadt slipped DM 1.50 to DM 346.50.

An active bond market saw gains of up to 20 basis points while the Bundesbank reduced its intervention to sales of DM 54.2m compared with DM 76.7m in the previous session.

Brussels was one of the brighter spots as the prospects of good 1985 profit figures tantalise investors, although the weakness of the Belgian franc could re-move some of the glitter. Market leader Petrofina picked up BFr 40 to BFr 6,130, Hoboken scored a BFr 60 jump to BFr 6,120 and Sofina held on to a BFr 120 gain at BFr 7,920.

Moving against the trend were Beka-ert, BFr 150 down at BFr 6,650 and Electrobel BFr 25 lower at BFr 11,625.

Paris turned in a steady, if hesitant, performance with oil prices beginning to have a dampening effect on sentiment. Moet-Hennessy slipped FFr 34 to FFr 2,425 amid plans for a capital and dividend increase as world champagne sales hit a record in 1985.

Lafarge Coppèe scored a FFr 35 rise to FFr 675 and Valeo closed FFr 17 stronger at FFr 445.

Milan perked up with heavy demand for insurers as Generali gained L1,190 to L76,500 and Toro rose L790 to L28,200. Fiat managed a L56 advance to L8,305, while Bastogi gained L14 to L512. Moving against the trend were Italcement L700 cheaper at L48,200, while Pirelli

SpA shed L30 to L4,020. Zurich turned in a poor showing with transports lower and banks ceding more ground. Swissair fell SFr 54 to SFr 1,980 and UBS surrendered SFr 70 to SFr

Madrid shifted lower after Monday's slight recovery, while Stockholm and Amsterdam retreated in late trading.

This announcement appears as a matter of record only.

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Scandinavian Airlines System

DENMARK NORWAY SWEDEN

SFr.200,000,000

53/4% Subordinated Bonds 1986ff

Citicorp Investment Bank (Switzerland)

Banque Scandinave en Suisse

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January, 1986

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